

**Notice to Our Members
January 14, 2019**

The Board of Directors of the Outer Banks Community Foundation is proposing several changes to our organization's bylaws.

The amended bylaws will be presented to you, our members, for ratification at our annual meeting on Tuesday, February 19.

Please scroll down to read both our existing bylaws (pages 2-19) as well as the proposed revised bylaws (pages 20-36).

**THE OUTER BANKS
COMMUNITY FOUNDATION, INC.**

EXISTING BYLAWS

November, 1982
Revised, March 1991
Revised, March 1996
Revised, March 2002
Revised, March 2009
Revised, February 2014
Revised, February 2016

BYLAWS OF THE
OUTER BANKS COMMUNITY FOUNDATION, INC.

ARTICLE I

MEMBERSHIP

- A. QUALIFICATIONS: The membership of this Corporation shall consist of (1) the members of the Board of Directors as that Board shall from time to time be constituted, (2) all persons presently on the membership rolls, (3) such other persons as may be elected from time to time by a majority of the members present at any meeting, such election to be subject to the new member agreeing to be bound by the Bylaws of this Corporation, and (4) the payment of annual or such other dues when and in such amount as the Board of Directors may from time to time determine.
- B. MEMBERSHIP BOOK: The Corporation shall keep a Membership Book containing the name and address of each member and the date of admission to membership.
- C. TERMINATION: Any member may, by notice in writing to the Board of this Corporation, resign from membership and, upon termination of membership for any cause, such fact shall be recorded in the Membership Book. Failure to attend three (3) consecutive regular meetings of the members without excuse acceptable to the Board may, in the discretion of the Board, be considered as a tender of resignation, and the nonpayment of annual or such other dues as may be assessed by the Board of Directors after ten (10) days notice of such delinquency shall also be considered as a tender of resignation.
- D. SUSPENSION AND EXPULSION OF MEMBERS: Any member of this Corporation maybe suspended or expelled by the Board for conduct unbecoming a member. He shall be given notice of the time and place of the meeting of the Board at which the charges against him are to be considered at least ten (10) days before such meeting, and he shall be given an opportunity to defend himself and shall have the right to appeal from the decision of the Board to the members, and upon his written request the Secretary shall call a special meeting of the members to consider such appeal.

- E. POWERS AND DUTIES: The members of this Corporation shall:
1. Elect members of the nominating committee and the Board of Directors as hereinafter provided in ARTICLES III and IV, respectively.
 2. Upon request of the Board, consult and advise with it about any matters affecting the Corporation.
 3. Explain the purposes and method of operation of the Corporation to others and seek to promote its growth.
 4. Encourage applications to the Corporations by applicants worthy of consideration and direct the attention of the Board to such worthy applicants.
 5. As individuals, advise members of the Board and staff of the Corporation of the resources, needs, problems and conditions that exist in the community and, to the extent possible as a result of the member's familiarity with such community, help the Corporation, its Board and staff in its activities and contacts in the said community.

ARTICLE II

MEETINGS OF MEMBERS

- A. ANNUAL MEETINGS: The annual meeting of the members of this Corporation shall be held during the first three (3) months [Rev. 3/91] of each and every calendar year at such time and place in the Outer Banks of North Carolina area as the Board of Directors may from time to time determine.
- B. SPECIAL MEETINGS: Special meetings of the members may be called by the President or, in the case of his absence, death or disability, by the Vice President authorized to exercise the authority of the President, by the Board by action at a meeting, by a majority of the Board acting without a meeting, or by not fewer than 10% of the members.
- C. NOTICE OF MEETINGS OF MEMBERS: Notice of all meetings of the members shall be given not fewer than ten (10) days nor more than thirty (30) days before the date of such meeting. Notice shall be sent to each member by mail, personal delivery, facsimile transmission, or other form of electronic communication. All such notices shall state the time, place, and purposes of the meeting. The Board may provide for additional notice by publication or otherwise should it be deemed advisable.

D. VOTING: Each member shall be entitled to one (1) vote, in person or by proxy executed in writing, on each matter properly submitted to the members for their vote, consent, waiver, release, or other action. Except as otherwise specifically provided in these Bylaws or as is required by law, action approved by the affirmative vote of a majority vote of the members present at a meeting at which a quorum is present shall be the action of the members.

E. QUORUM: A majority of the members present in person or by proxy shall constitute a quorum for the transaction of business at any annual or special meeting.

F. ACTION BY MEMBERS WITHOUT A MEETING: Any action required to be taken at a meeting of the members of the Corporation may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the members of the Corporation entitled to vote with respect to the subject matter thereof and filed with the Secretary of the Corporation as a part of the corporate records and minutes of the action of the members of the Corporation.

ARTICLE III

NOMINATING COMMITTEE

A. SELECTION: At each annual meeting of members, or at any special meeting called for such purpose, a nominating committee of three (3) members shall be elected, who shall hold office until the adjournment of the next annual meeting. Vacancies occurring on the committee during the year shall be filled for the remainder of the year by majority vote of the Directors [Rev. 3/02].

B. DUTIES: The nominating committee shall offer the names of the Directors and the members of the Executive Committee to be elected or to fill vacancies at the annual or any special meeting of members. All nominees offered by the Nominating Committee shall be selected with a view to carrying out and accomplishing the purpose stated in Section A of ARTICLE IV pertaining to qualification of Directors.

ARTICLE IV

DIRECTORS

A. NUMBER AND QUALIFICATIONS OF THE BOARD OF DIRECTORS: The Board of Directors shall consist of twelve (12) members [Rev. 3/96] who shall be United States citizens residing in or near or otherwise closely identified with the Outer Banks of North Carolina. Such number may be increased or decreased by amendment to these Bylaws. Members of the Board of Directors shall be elected on the basis of knowledge of the educational, cultural, civic, moral, public, and other charitable needs of the Outer Banks of North Carolina, and on the basis of activity in or representation of public institutions or organizations in the area which are concerned with charitable, educational, social welfare and/or natural resources needs. The purpose of this provision is to make the Board of Directors generally representative of the public interests in these needs in the Outer Banks of North Carolina. Members of the Board shall serve without compensation except for reasonable expenses incurred for this Corporation.

B. TERMINATION: Members of the Board of Directors who upon the vote of the Board and as a result of change of citizenship, residence, office, or employment, cease to be qualified, shall cease to be members of the Board of Directors. Failure to attend three (3) consecutive regular meetings of the Board without excuse acceptable to the Board shall operate as a tender of resignation. Vacancies by death, resignation, refusal to serve, or otherwise, shall be filled for the unexpired term by majority vote of the Directors then serving, although less than a quorum. A vacancy may only be filled by a person who possesses the qualifications referred to in Section A of this ARTICLE IV. Such person shall remain a member of the Board until the annual meeting of the members immediately following [Rev. 3/91] the expiration of his expired term and until his successor is elected and qualified.

C. TERM OF OFFICE: The first Board of Directors as named in the Articles of Incorporation shall serve until the first meeting of the membership of the Corporation at which time seven (7) Directors shall be elected as follows: One (1) to serve for a term of one (1) year; one (1) to serve for a term of two (2) years; one (1) to serve for a term of three (3) years; one (1) to serve for a term of four (4) years; one (1) to serve for a term of five (5) years; one (1) to serve for a term of six (6) years; and one (1) to serve for a term of seven (7) years. The term of office of each member of the Board of Directors thereafter shall be three (3) [Rev. 3/96] years. However, the

Board may modify the term of office of any Director at the time of their election to enable the terms of the Directors to be staggered so that each year the terms of no more than one-third of the Directors shall expire [Rev. 2/2014]. No Director shall be eligible to serve for more than two (2) [Rev. 3/96] terms consecutively, except that a member of the first Board of Directors named in the Article of Incorporation who may be elected at the first meeting of the membership of the Corporation may continue to serve for the full term for which he is elected by the first meeting of the membership of the Corporation. In the case of a person not then serving as a Director, such person shall not be eligible to be elected if he served previously as a Director within the lesser of (a) five (5) years, or (b) a period shorter than his last consecutive period of service. Service as a Director prior to adoption of these Bylaws shall not be included for purposes of the limitation on consecutive service, unless such period of service is required to be included for purposes of classification under Section 509(a)(1) of the Internal Revenue Code of 1954.

D. POWERS AND DUTIES OF THE BOARD OF DIRECTORS:

1. Except as otherwise provided in the Articles of Incorporation or in these Bylaws, all the powers, duties and functions of the Corporation conferred by the Articles of Incorporation, these Bylaws, State statutes, common law, court decisions, or otherwise shall be exercised, performed or controlled by the Board of Directors.
2. The Board shall have general charge of the affairs, property and assets of the Corporation. It shall be the duty of the Board to carry out the aims and purposes of this Corporation, and, to this end, to manage and control all of its property or assets. Each member of the Board shall serve in a fiduciary capacity.
3. The Board is hereby committed to exercise, in the best interest of the Corporation, the powers described in Treasury Regulation §1.170A-9(e)(11)(v)(B), (C), and (D).
4. The Board is hereby committed to obtain information and to take other appropriate steps with the view to seeing that each participating trustee, custodian or agent administers such funds of this Corporation in accordance with the provisions of Treasury Regulation §1.170A-9(e)(11)(v)(F).
5. The Board may, from time to time, appoint, as advisors, persons whose advice, assistance and support may be deemed helpful in determining policies and formulating programs for carrying out the Corporation's purposes.

6. The Board is authorized to engage such persons, including an executive officer and assistants, attorneys, trustees, accountants, and agents, as in its opinion are needed for the administration of the Corporation and to pay reasonable compensation for services and expenses thereof.

7. The Board shall have the power to replace any participating trustee, custodian or agent for breach of fiduciary duty under State law. If it appears that there may be grounds for exercising this power with respect to any fund, the Board shall notify the trustee, custodian or agent involved and provide a reasonable opportunity for explanation and, if it so determines, for correction. The Board shall exercise this power at a meeting by the affirmative vote of a majority of the members of the Board. Before it exercises this power, the Board may seek advice of legal counsel as to whether a breach has been committed under State law.

8. The Board shall have the power to replace any participating trustee, custodian or agent for failure to produce a reasonable return of net income (or appreciation where not inconsistent with the Corporation's need for current income), with due regard to the safety of principal, over such reasonable period of time as is determined by the Board. In exercising this power, the determination with respect to a reasonable return of net income or appreciation shall be made separately with respect to each restricted fund and shall be made in the aggregate with respect to unrestricted funds of the Corporation. As used herein, the term "restricted fund" means a fund, the income of which has been designated by the donor of the gift or bequest as being available only for the use or benefit of a named charitable organization or agency or for the use or benefit of a particular class of charitable organizations or agencies, the members of which are readily ascertainable and are less than five (5) in number. If it appears that there may be grounds for exercising this power with respect to any fund, the Board shall notify the trustee, custodian or agent involved and provide a reasonable opportunity for explanation and, if it shall so determine, for correction. The Board of Directors shall exercise this power of replacement at a meeting upon the affirmative vote of a majority of the members of the Board.

9. The Board shall have power to determine and set the annual membership dues and fees which it from time to time deems appropriate and necessary to carry on the conduct and affairs of the Corporation. The Board shall likewise determine and define such qualifications and requirements as it may deem proper to make a person eligible for membership.

10. The Board shall appoint and employ qualified auditors and accountants to examine and audit the affairs of the Corporation and to report to the membership of the Corporation at the annual meeting thereof, or at such other times as the Directors may determine.

E. MEETINGS:

1. An annual meeting of the Board of Directors for the election of officers and the transaction of such business as may properly come before the meeting shall be held during the last quarter of each fiscal year [Rev. 3/96]. The Board shall hold such regular meetings at such time and place as may be fixed by the Board. Special meetings of the Board may be called by the President and shall be called by him upon the request of any two (2) Directors. A majority of the members of the Board in office shall constitute a quorum.

2. Notice of all Board meetings, except as herein otherwise provided, shall be given by mailing the same at least five (5) days before the meeting to the usual business or residence address of each Director as given by the Directors to the Secretary of the Corporation, but such notice may be waived by any Director. At any meeting at which every Director shall be present, even though without any notice or waiver thereof, any business may be transacted. Presence at any meeting shall constitute a waiver of notice for that meeting.

3. Except as otherwise specifically provided in these Bylaws or as is required by law, action approved by the affirmative vote of a majority vote of the Directors present at a meeting at which a quorum is present shall be the action of the Board of Directors.

4. Meetings of Board of Directors may be held through any communications equipment if all persons participating can hear each other and such participation in a meeting shall constitute presence at such meeting.

5. Action may be taken by a majority of the Board of Directors or members of a committee without a meeting if written consent, including electronic signatures, to such action is signed by all of the Directors or members of the committee, as the case may be,

and filed with the minutes of the proceedings of the Board of Directors or committee, whether done before or after the action so taken in accordance with the provisions of Section 55A-7-04 of the General Statutes of North Carolina. Any action of the Board of Directors taken between meetings will be ratified at the next Board of Directors meeting and recorded in the minutes.[Rev. 3/09]

F. MISCELLANEOUS:

1. The independent auditor appointed or approved by the Directors shall at such time as the Board may determine, at least annually, prepare for the Corporation a financial statement, including a statement of assets and liabilities; and a statement of income, expenses, and distributions; and a list of projects and/or organizations to or for which funds were used or distributed for charitable purposes, and such additional reports or information as may be ordered from time to time by the Board of Directors. The auditor shall also prepare such financial data as may be necessary for returns or reports required by state or federal government to be filed by the Corporation. The auditor's charges and expenses shall be proper expenses. Copies of all audits, statements, reports, and data delivered by the auditor to the Board shall be made available or furnished to each trustee, custodian or agent having custody of funds of the Corporation.

2. The Board shall at least annually make such distribution of a written report of its financial condition, activities, and distributions to representative persons and organizations in the Outer Banks of North Carolina (including to at least one (1) newspaper generally circulated in the Outer Banks of North Carolina) as will, in the opinion of the Board, reasonably inform the interested public of the operations of the Corporation.

3. The Board shall take other appropriate actions to make the Corporation and its purposes known to the people of the Outer Banks of North Carolina and in that connection seek gifts to the Corporation from a wide segment of the population of the Outer Banks of North Carolina.

4. To the extent permitted by the law of the State of North Carolina, neither the Board nor any of its members individually, shall be liable for the negligent acts or omissions of any employee, agent, or representative selected with reasonable care, nor for anything the Board may do or refrain from doing in good faith, including the following: errors in judgment, acts done or committed on advice of counsel, or mistakes of fact or law.

ARTICLE V

OFFICERS

A. The officers of this Corporation shall be a President, who shall be a Director and who shall also be the chairman of the Board and chairman of the Executive Committee, a Vice President, a Secretary, and a Treasurer. The Directors may also elect additional Vice Presidents, an Assistant Secretary, an Assistant Treasurer, and such additional officers as they deem desirable. Said officers shall be chosen by the Board of Directors and the Board may choose one person to hold two (2) offices, except the offices of President and Secretary, and the offices of President and Vice President. Officers shall hold office for the fiscal year following the date of their election and until their successors are elected and qualified.

B. The officers of this Corporation shall have such authority and shall perform such duties as are customarily incident to their respective offices and such other and further duties as may from time to time be required of them by the Board of Directors or the President.

ARTICLE VI

COMMITTEES

A. EXECUTIVE COMMITTEE: The Board of Directors may create an Executive Committee of three (3) Directors, the members of which shall be elected by the Board from a slate presented by the Nominating Committee to serve at the pleasure of the Board for terms of one (1) year. Members of the Executive Committee, all of whom shall be members of the Board, shall be elected on the basis of criteria that will insure that said Committee is representative of the public interest in the charitable needs of the Outer Banks of North Carolina. Except for the power to fill vacancies in the Nominating Committee or the Board of Directors and as may otherwise be provided herein or by the Board, such Committee shall, during the intervals between the meetings of the Board, possess and may exercise all of the powers of the Board in the management of the affairs of the Corporation, including the responsibility and power to determine the distribution of property of the Corporation as provided in ARTICLE VIII of these Bylaws (subject to the provisions of the Articles of Incorporation and these Bylaws), authority over the investment policies with respect to the property of the Corporation, whether held directly or through trustees, custodians or agents, and such other duties and authority as may be delegated to it by the Board. A majority of the members of the Executive Committee present at

any meeting shall constitute a quorum. The Executive Committee shall keep full records and accounts of its proceedings and transactions. All action by the Executive committee shall be reported to the Board at its meeting next succeeding such action and shall be subject to control, revision, and alteration by the Board, provided that no rights of third persons shall be prejudicially affected thereby. Vacancies in the Executive Committee shall be filled for the unexpired term by the Board, and the Board may appoint one or more Directors as alternate members of the Executive Committee who may take the place of any absent member or members at any meeting.

B. OTHER BOARD COMMITTEES: The Board of Directors may provide for such other standing or special committees as it deems desirable and discontinue the same at its pleasure. Each such committee shall consist of three (3) or more Directors elected by the Board, and shall have such powers and perform such duties or functions, not inconsistent with law, as may be delegated to it by the Board. Vacancies in such other committees shall be filled by the Board.

C. ADVISORY AND OTHER COMMITTEES: The Board of Directors may provide for such other committees, including committees, advisory groups, etc., consisting in whole or in part of non-Directors, as it deems desirable, and discontinue the same at its pleasure. Each such committee shall be advisory to the Board and shall have such powers and perform such duties or functions, not inconsistent with law, as may be prescribed for it by the Board. Appointments to and the filling of vacancies on such other committees shall be made by the President unless the Board otherwise provides. Any action by each such committee shall be reported to the Board at its meeting next succeeding such action and shall be subject to control, revision, and alteration by the Board, provided that no rights of third persons shall be prejudicially affected thereby. Vacancies in any such committees shall be filled for the unexpired term by the Board, and the Board may appoint one or more persons as alternate members of any such committees who may take the place of any absent member at any meeting.

ARTICLE VII

GIFTS TO THE CORPORATION

- A. Donors may make gifts to the Corporation by naming or otherwise identifying the Corporation, whether or not a trustee, custodian, or agent is designated to receive the money and property contributed. Gifts shall vest in the Corporation upon receipt and acceptance by it (whether signified by a corporation, officer, employee, or agent).
- B. A donor may designate one or more trustees, custodians, or agents to have custody of and administer the investment of a gift, and, if more than one, the portions of the gift to be held and administered as to investment by each. All gifts shall be subject to the powers of removal vested in the Board and contained in Section D.7 of ARTICLE IV. In case of failure of a donor to designate a trustee, custodian, or agent of such portions, or failure of a designated trustee, custodian, or agent to accept custody of a gift, the Board may in each case so far as necessary designate one or more of the trustees, custodians, or agents to have custody of and administer the investment of the gift, and if more than one, the portions to be so held and administered by each. The Corporation may enter into agreements with trustees, custodians, or agents having custody of funds of the Corporation, specifying additional terms of such custody.
- C. Each donor by making a gift to the Corporation accepts and agrees to all the terms of the Articles of Incorporation and these Bylaws, and provides that the fund so created shall be subject to the provisions for presumption of donors' intent, for modification of restrictions or conditions, and for amendments and termination, and to all other terms of the Articles of Incorporation and Bylaws of the Corporation and any trust, custodian, or agency agreement between the Corporation and trustees, custodians, or agents having custody of the funds of the Corporation each as from time to time amended.
- D. If a gift is made to a trustee in trust to make income or other payments to the Corporation, followed by payments to any individuals or for non-charitable purposes, it shall not be treated as a component but rather only the payments to the Corporation shall be regarded as Corporation funds, subject to its Articles of Incorporation and these Bylaws, and then only when the Corporation becomes entitled to their use. If a gift is made to a trustee in trust to make income or other payments for a period of a life or lives or term of years, to any individuals or for non-charitable purposes, followed by payments to the Corporation, it shall be treated similarly until

all such non-charitable interests expire and the fund becomes a component fund of the Corporation. The Board of Directors may take such actions as it from time to time deems necessary or desirable to further the Corporation's interests in any such funds, whether components or non-components, or protect its rights to receive payments from such funds.

E. Any donor may, with respect to a gift made by such donor to the Corporation and within such limits of policy as the Corporation from time to time may declare in writing, give directions in the instrument of gift or transfer as to (i) field of charitable purposes or particular charitable organizations or purposes to be supported; (ii) manner of distribution including amounts, times, and conditions of payments and whether from principal and/or income; and (iii) a name as a memorial or otherwise for a fund given, or addition to a fund previously held, or anonymity for the gift.

F. No gift shall be required to be separately invested or held unless the donor so directs, or it is necessary in order to follow any other direction by the donor as to purpose, or in order to prevent tax disqualification, or it is required by law. In the absence of contrary instructions from its donors, directions for naming a fund as a memorial or otherwise may be satisfied either by keeping under such name accounts reflecting appropriately the interest of such fund in each common investment or by commingling the fund with others but referring in the Corporation's literature and other commemorative communications to the amount of the gift at the time it was received by the Corporation.

G. Each fund of the Corporation shall be presumed to be intended (i) to be used only for charitable purposes, (ii) to be productive of a reasonable return of net income over a reasonable period of time which (except during the period referred to in Section D of this ARTICLE VII) is to be distributed at least annually or if accumulated is to be accumulated only in a reasonable amount and for a reasonable period for a charitable purpose or purposes, and (iii) to be used only for such of those purposes and in such manner as not to disqualify the gift from deduction as a charitable contribution, gift, or bequest in computing any federal income, gift, or estate tax of the donor or his estate and not to disqualify the Corporation from exemption from federal income tax as a qualified charitable organization described in Sections 501(c)(3) and 509(a)(1) of the Internal Revenue Code of 1954 and shall not be otherwise applied. A donor may not impose any material restriction or condition that prevents the Community Foundation from freely and effectively employing the transferred assets, or the income derived therefrom, in furtherance of

its charitable purposes. If a direction by a donor, however expressed, would, if followed, result in use contrary to the intent so presumed, or if the Board is advised by counsel that there is substantial risk of such result, the direction shall not be followed, but shall be varied by the Board so far as necessary to avoid such result, except that if the donor has clearly stated that compliance with the direction is a condition of the gift, then the gift shall not be accepted unless an appropriate judicial or administrative body first determines that the condition and direction need not be followed. Reasonable charges and expenses of counsel for such advice and proceedings shall be proper expenses. For purposes of these Bylaws, “charitable purposes” include educational, religious, scientific, public and other purposes contributions for which are deductible under Sections 170(c)(1) and 170(c)(2)(B) of the Internal Revenue Code of 1954 and “qualified charitable organizations” means an organization which is described in Section 170(c)(1) or (2) of the Code.

H. Notwithstanding any provision in these Bylaws or in any instrument of transfer creating or adding to a fund of this Corporation, and in accordance with Article III of the Articles of Incorporation of this Corporation, the Board shall have the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to specified organizations if in the sole judgment of the Board (without the necessity of the approval of any participating trustee custodian, or agent), such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the Outer Banks of North Carolina. The Board shall exercise this power at a meeting by the affirmative vote of a majority of the members of the Board.

I. In pursuance of the Corporation’s charitable objectives, the Board shall have the authority to cause to be formed or enter into relationships with other organizations described in Section 501(c)(3) of the Internal Revenue Code, including organizations operated for the benefit of and to carry out the purposes of the Corporation, in which case the Corporation may exercise such supervision and control over any organization as is necessary to qualify it as an organization described in Section 509(a)(3) and the regulations thereunder.

ARTICLE VIII

DISTRIBUTION AND DISBURSEMENTS

A. The Board of Directors, not less frequently than yearly, shall (i) determine all distributions to be made from net income and principal of this Corporation (including funds held by trustees, custodians, or agents of the Corporation) pursuant to provisions of the Articles of Incorporation, these Bylaws, and the donors' directions if and to the extent applicable as provided herein, and make, or authorize and direct the respective trustees, custodians or agents having custody of funds of this Corporation, to make payments to organizations or persons to whom payments are to be made, in such amounts and at such times and with such accompanying restrictions, if any, as it deems necessary to assure use for the charitable purposes and in the manner intended; and (ii) determine all disbursements to be made for administrative expenses incurred by the Corporation and direct the respective trustee, custodians or agents having custody of funds of this Corporation as to payment thereof and funds to be charged.

B. Determinations may be made to distribute capital from funds given without directions as to principal or income as well as pursuant to directions expressly permitting use of principal, but the Board shall inform the trustee, custodian or agent having custody of the funds of this Corporation as far in advance as the Board deems practicable so as to permit the trustee, custodian or agent to adjust its investment policies accordingly, and may, upon advice from the trustee, custodian or agent as to how the desired distribution and any necessary liquidation of investments can most economically be accomplished, adjust its directions for distributions so far as it deems practicable accordingly.

C. The Board shall gather and analyze facts and conduct investigation and research as from time to time is necessary in order to determine the most effective agencies and means for meeting the needs of the Outer Banks of North Carolina through application of funds for charitable purposes, and may direct disbursements for such fact gathering and analysis, investigation, and research from funds given for such purposes or from funds given without designation as to purpose. Disbursements for other proper administrative expenses incurred by the Board of Directors, including salaries for such professional and other assistance as it from time to time deems necessary, shall be directed to be paid so far as possible, first from any funds

designated by the donor for such purposes, and any balance out of income of the funds of the Corporation or such of its principal as is not specifically restricted against such use.

D. The Board may, in furtherance of the Corporation's charitable purposes when needs therefor have been determined and with appropriate provisions to assure use solely for such purposes, direct distributions to such persons, organizations, governments, or governmental agencies as in the opinion of the Board can best carry out such purposes or help create new qualified charitable organizations to carry out such purposes.

ARTICLE IX

IDEMNIFICATION AND INSURANCE

A. AUTHORIZATION

1. In the event that any person who was or is a party to or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, seeks indemnification from the Corporation against expenses, including attorney fees (and in the case of actions other than those by or in the right of the Corporation, judgments, fines and amounts paid in settlement), actually and reasonably incurred by him in connection with such action, suit or proceeding by reason of the fact that such person is or was a Director or officer of the Corporation or is or was serving at the request of the Corporation as a trustee, director, officer, employee or agent of another corporation, domestic or foreign, nonprofit or for profit, partnership, joint venture, trust, or other enterprise, then, unless such indemnification is ordered by a court, the Corporation shall determine or cause to be determined in the manner provided in Sections 55A-17.1, 55A-17.2, and 55A-17.3 of the General Statutes of North Carolina, whether or not indemnification is proper in the circumstances because the person claiming such indemnification has met the applicable standards of conduct set forth in such statutes and, to the extent that it is so determined that such indemnification is proper, the person claiming such indemnification shall be indemnified.

2. The indemnification provided by this Paragraph A shall not be deemed exclusive of any other rights to which any person seeking indemnification may be entitled under the Articles or any agreement, vote of members or disinterested Directors, or otherwise, both as to action in his official capacity and as to action in another capacity while holding such

office, and shall continue as to a person who has ceased to be a member of the Board of Directors or officer and shall inure to the benefit of their heirs, executors, and administrators of such a person.

B. INSURANCE

The Corporation, to the extent permitted by laws of the State of North Carolina, may purchase and maintain insurance on behalf of any person who is or was such a Director or officer of the Corporation, or is or was serving at the request of the Corporation as such a director, officer, employee or designated agent of another corporation, domestic or foreign, nonprofit or for profit, partnership, joint venture, trust or other enterprise.

ARTICLE X

BOOKS AND RECORDS

The Corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its members, Board of Directors and committees having any of the authority of the Board.

ARTICLE XI

CORPORATE SEAL

The Board of Directors may adopt and provide a seal for the Corporation which shall be in charge of the Secretary or such other officer as the Board may from time to time direct, and shall be affixed to such documents as may require the corporate seal.

ARTICLE XII

FISCAL YEAR

The fiscal year of the Corporation shall be the twelve-month period ending on the 30th day of September of each and every calendar year, or such other period as may be designated by the Board of Directors.

ARTICLE XIII

AMENDMENTS

These Bylaws may be amended or repealed by a majority vote of the members of the Board of Directors, ratified by a majority vote of the voting members present in person, or by proxy, at a meeting called for that purpose or at any annual meeting of the members, the notice of which shall contain and set out the proposed changes and amendments.

**THE OUTER BANKS
COMMUNITY FOUNDATION, INC.**

BYLAWS: DRAFT REVISIONS

November, 1982
Revised, March 1991
Revised, March 1996
Revised, March 2002
Revised, March 2009
Revised, February 2014
Revised, February 2016

Draft Revisions Recommended by Board, December 2018

BYLAWS OF THE
OUTER BANKS COMMUNITY FOUNDATION, INC.

ARTICLE I
MEMBERSHIP

F. QUALIFICATIONS: The membership of this Corporation shall consist of (1) the members of the Board of Directors as that Board shall from time to time be constituted, (2) all persons presently on the membership rolls, (3) life members, (4) legacy members, (5) all persons who have established funds with the Corporation, and (6) membership shall also be open to members of the general public who pay any annual or other dues or contributions to the Corporation.

G. POWERS AND DUTIES: The members of this Corporation shall:

1. Elect members of the nominating committee and the Board of Directors as hereinafter provided in ARTICLES III and IV, respectively.
2. Upon request of the Board, consult and advise with it about any matters affecting the Corporation.
3. Explain the purposes and method of operation of the Corporation to others and seek to promote its growth.
4. Encourage applications to the Corporations by applicants worthy of consideration and direct the attention of the Board to such worthy applicants.
5. As individuals, advise members of the Board and staff of the Corporation of the resources, needs, problems and conditions that exist in the community and, to the extent possible as a result of the member's familiarity with such community, help the Corporation, its Board and staff in its activities and contacts in the said community.

ARTICLE II
MEETINGS OF MEMBERS

G. ANNUAL MEETINGS: The annual meeting of the members of this Corporation shall be held during the first three (3) months of each and every calendar year at such time and place in

the Outer Banks of North Carolina area as the Board of Directors may from time to time determine.

H. SPECIAL MEETINGS: Special meetings of the members may be called by the President or, in the case of the President's absence, death or disability, by the Vice President authorized to exercise the authority of the President, by the Board by action at a meeting, by a majority of the Board acting without a meeting, or by not fewer than twenty-five (25) active members.

I. NOTICE OF MEETINGS OF MEMBERS: Written notice of all meetings of the members, including special meetings, shall be given no fewer than ten (10) nor more than thirty (30) days in advance of the meeting. Unless otherwise required by law, notice may be communicated in person; by electronic means; or by mail or private carrier. If these forms of personal notice are impractical as to one or more persons, notice may be communicated to such persons by publishing notice in a newspaper, or by radio, television, or other form of public broadcast communication in Dare County. Written notice need not be provided in a separate document and may be included as part of a newsletter or other publication regularly sent to members if conspicuously identified as a notice.

J. VOTING: Each member shall be entitled to one (1) vote. Except as otherwise specifically provided in these Bylaws or as is required by law, action approved by the affirmative vote of a majority vote of the members present at a meeting at which a quorum is present shall be the action of the members. Vote shall not be cast by proxy. A member must be present in person in order to vote.

K. QUORUM: A majority of the members present in person shall constitute a quorum for the transaction of business at any annual or special meeting.

ARTICLE III NOMINATING COMMITTEE

C. SELECTION: At each annual meeting of members, or at any special meeting called for such purpose, a nominating committee of three (3) members shall be elected, who shall hold

office until the adjournment of the next annual meeting. Vacancies occurring on the committee during the year shall be filled for the remainder of the year by majority vote of the Directors.

D. DUTIES: The nominating committee shall offer the names of the Director a to be elected or to fill vacancies at the annual or any special meeting of members, as well as members of the Nominating Committee to serve for the next year. All nominees offered by the Nominating Committee shall be selected with a view to carrying out and accomplishing the purpose stated in Section A of ARTICLE IV pertaining to qualification of Directors.

ARTICLE IV DIRECTORS

E. NUMBER AND QUALIFICATIONS OF THE BOARD OF DIRECTORS: The Board of Directors shall consist of twelve (12) members who shall be United States citizens residing in or near or otherwise closely identified with the Outer Banks of North Carolina. Such number may be increased or decreased by amendment to these Bylaws. Members of the Board of Directors shall be members of the Corporation and elected on the basis of knowledge of the educational, cultural, civic, moral, public, and other charitable needs of the Outer Banks of North Carolina, and on the basis of activity in or representation of public institutions or organizations in the area which are concerned with charitable, educational, social welfare and/or natural resources needs. The purpose of this provision is to make the Board of Directors generally representative of the public interests in these needs in the Outer Banks of North Carolina. Members of the Board shall serve without compensation except for reasonable expenses incurred for this Corporation.

F. TERMINATION: Members of the Board of Directors who upon the vote of the Board and as a result of change of citizenship, residence, office, or employment, cease to be qualified, shall cease to be members of the Board of Directors. Failure to attend three (3) consecutive regular meetings of the Board without excuse acceptable to the Board shall operate as a tender of resignation. Vacancies by death, resignation, refusal to serve, or otherwise, shall be filled for the unexpired term by majority vote of the Directors then serving, although less than a quorum. A vacancy may only be filled by a person who possesses the qualifications referred to in Section A of this ARTICLE IV. Such person shall remain a member of the Board until the annual meeting

of the members immediately following the expiration of his expired term and until his successor is elected and qualified.

G. TERM OF OFFICE: The first Board of Directors as named in the Articles of Incorporation shall serve until the first meeting of the membership of the Corporation at which time seven (7) Directors shall be elected as follows: One (1) to serve for a term of one (1) year; one (1) to serve for a term of two (2) years; one (1) to serve for a term of three (3) years; one (1) to serve for a term of four (4) years; one (1) to serve for a term of five (5) years; one (1) to serve for a term of six (6) years; and one (1) to serve for a term of seven (7) years. The term of office of each member of the Board of Directors thereafter shall be three (3) years. However, the Board may modify the term of office of any Director at the time of their election to enable the terms of the Directors to be staggered so that each year the terms of no more than one-third of the Directors shall expire. No Director shall be eligible to serve for more than two (2) terms consecutively, except that a member of the first Board of Directors named in the Article of Incorporation who may be elected at the first meeting of the membership of the Corporation may continue to serve for the full term for which he is elected by the first meeting of the membership of the Corporation. In the case of a person not then serving as a Director, such person shall not be eligible to be elected if he served previously as a Director within the lesser of (a) five (5) years, or (b) a period shorter than his last consecutive period of service. Service as a Director prior to adoption of these Bylaws shall not be included for purposes of the limitation on consecutive service, unless such period of service is required to be included for purposes of classification under Section 509(a)(1) of the Internal Revenue Code of 1954. Notwithstanding the foregoing, the two three year term limits shall not apply to that portion of a Director's terms comprising the unexpired term of a vacated Board position to which such Director was appointed pursuant to Article IV(B).

H. POWERS AND DUTIES OF THE BOARD OF DIRECTORS:

1. Except as otherwise provided in the Articles of Incorporation or in these Bylaws, all the powers, duties and functions of the Corporation conferred by the Articles of Incorporation, these Bylaws, State statutes, common law, court decisions, or otherwise shall be exercised, performed or controlled by the Board of Directors.

2. The Board shall have general charge of the affairs, property and assets of the Corporation. It shall be the duty of the Board to carry out the aims and purposes of this Corporation, and, to this end, to manage and control all of its property or assets. Each member of the Board shall serve in a fiduciary capacity.
3. The Board is hereby committed to exercise, in the best interest of the Corporation, the powers described in Treasury Regulation §1.170A-9(e)(11)(v)(B), (C), and (D).
4. The Board is hereby committed to obtain information and to take other appropriate steps with the view to seeing that each participating trustee, custodian or agent administers such funds of this Corporation in accordance with the provisions of Treasury Regulation §1.170A-9(e)(11)(v)(F).
5. The Board may, from time to time, appoint, as advisors, persons whose advice, assistance and support may be deemed helpful in determining policies and formulating programs for carrying out the Corporation's purposes.
6. The Board is authorized to engage such persons, including an executive officer and assistants, attorneys, trustees, accountants, and agents, as in its opinion are needed for the administration of the Corporation and to pay reasonable compensation for services and expenses thereof.
7. The Board shall have the power to replace any participating trustee, custodian or agent for breach of fiduciary duty under State law. If it appears that there may be grounds for exercising this power with respect to any fund, the Board shall notify the trustee, custodian or agent involved and provide a reasonable opportunity for explanation and, if it so determines, for correction. The Board shall exercise this power at a meeting by the affirmative vote of a majority of the members of the Board. Before it exercises this power, the Board may seek advice of legal counsel as to whether a breach has been committed under State law.
8. The Board shall have the power to replace any participating trustee, custodian or agent for failure to produce a reasonable return of net income (or appreciation where not inconsistent with the Corporation's need for current income), with due regard to the safety of principal, over such reasonable period of time as is determined by the Board. In exercising this power, the determination with respect to a reasonable return of net income or appreciation shall be made separately with respect to each restricted fund and shall be made in the aggregate with respect to unrestricted funds of the Corporation. As used herein, the

term “restricted fund” means a fund, the income of which has been designated by the donor of the gift or bequest as being available only for the use or benefit of a named charitable organization or agency or for the use or benefit of a particular class of charitable organizations or agencies, the members of which are readily ascertainable and are less than five (5) in number. If it appears that there may be grounds for exercising this power with respect to any fund, the Board shall notify the trustee, custodian or agent involved and provide a reasonable opportunity for explanation and, if it shall so determine, for correction. The Board of Directors shall exercise this power of replacement at a meeting upon the affirmative vote of a majority of the members of the Board.

9. The Board shall have power to determine and set the annual membership dues and fees which it from time to time deems appropriate and necessary to carry on the conduct and affairs of the Corporation. The Board shall likewise determine and define such qualifications and requirements as it may deem proper to make a person eligible for membership.

10. The Board shall appoint and employ qualified auditors and accountants to examine and audit the affairs of the Corporation and to report to the membership of the Corporation at the annual meeting thereof, or at such other times as the Directors may determine.

E. MEETINGS:

1. An annual meeting of the Board of Directors for the election of officers and the transaction of such business as may properly come before the meeting shall be held in September of each fiscal year. The Board shall hold such regular meetings at such time and place as may be fixed by the Board. Special meetings of the Board may be called by or at the request of the President or by any two (2) Directors. A majority of the members of the Board in office shall constitute a quorum.

2. Notice of all Board meetings, except as herein otherwise provided, shall be given by telephone, mail, personal delivery, or electronic communications at least five (5) days before the meeting to the usual business or residence address of each Director as given by the Directors to the Secretary of the Corporation, but such notice may be waived by any Director. At any meeting at which every Director shall be present, even though without any notice or waiver thereof, any business may be transacted. Presence at any meeting shall constitute a waiver of notice for that meeting.

3. Except as otherwise specifically provided in these Bylaws or as is required by law, action approved by the affirmative vote of a majority vote of the Directors present at a meeting at which a quorum is present shall be the action of the Board of Directors.

4. Any one or more members of the Board may participate in the meeting of the Board by means of a conference, telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at that meeting.

5. Action required or permitted to be taken at a meeting of the Board may be taken without a meeting if the action is taken by all members of the Board. The action must be evidenced by one or more written consents by each Director before or after such action, describing the action taken, and included in the minutes or filed with the Corporate records. Such consent may be in electronic form and delivered by electronic means.

F. MISCELLANEOUS:

5. The independent auditor appointed or approved by the Directors shall at such time as the Board may determine, at least annually, prepare for the Corporation a financial statement, including a statement of assets and liabilities; and a statement of income, expenses, and distributions; and a list of projects and/or organizations to or for which funds were used or distributed for charitable purposes, and such additional reports or information as may be ordered from time to time by the Board of Directors. The auditor shall also prepare such financial data as may be necessary for returns or reports required by state or federal government to be filed by the Corporation. The auditor's charges and expenses shall be proper expenses. Copies of all audits, statements, reports, and data delivered by the auditor to the Board shall be made available or furnished to each trustee, custodian or agent having custody of funds of the Corporation.

6. The Board shall at least annually make such distribution of a written report of its financial condition, activities, and distributions to representative persons and organizations in the Outer Banks of North Carolina (including to at least one (1) newspaper or other publication generally circulated in the Outer Banks of North Carolina) as will, in the opinion of the Board, reasonably inform the interested public of the operations of the Corporation.

7. The Board shall take other appropriate actions to make the Corporation and its purposes known to the people of the Outer Banks of North Carolina and in that connection seek gifts to the Corporation from a wide segment of the population of the Outer Banks of North Carolina.

8. To the extent permitted by the law of the State of North Carolina, neither the Board nor any of its members individually, shall be liable for the negligent acts or omissions of any employee, agent, or representative selected with reasonable care, nor for anything the Board may do or refrain from doing in good faith, including the following: errors in judgment, acts done or committed on advice of counsel, or mistakes of fact or law.

ARTICLE V

OFFICERS

C. The officers of this Corporation shall be a President, who shall also be the chairman of the Board and chairman of the Executive Committee, a Vice President, a Secretary, and a Treasurer, all of whom shall be elected from the members of the Board. The Directors may also elect additional Vice Presidents, an Assistant Secretary, an Assistant Treasurer, and such additional officers as they deem desirable. Said officers shall be chosen by the Board of Directors and the Board may choose one person to hold two (2) offices, except the offices of President and Secretary, and the offices of President and Vice President. Officers shall hold office for the fiscal year following the date of their election and until their successors are elected and qualified.

D. The officers of this Corporation shall have such authority and shall perform such duties as are customarily incident to their respective offices and such other and further duties as may from time to time be required of them by the Board of Directors or the President.

ARTICLE VI

COMMITTEES

A. EXECUTIVE COMMITTEE: The Board of Directors may create an Executive Committee, which shall consist of the Officers of the Corporation. The Executive Committee

may exercise all of the powers of the Board in the management of the affairs of the Corporation, in the interim between Board meetings. A majority of the members of the Executive Committee present at any meeting shall constitute a quorum. The Executive Committee shall keep full records and accounts of its proceedings and transactions. All action by the Executive committee shall be reported to the Board at its meeting next succeeding such action and shall be subject to control, revision, and alteration by the Board, provided that no rights of third persons shall be prejudicially affected thereby. Any one or more members of the Executive Committee may participate in the meeting by means of a conference, telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at that meeting.

B. OTHER BOARD COMMITTEES: The Board of Directors may provide for such other standing or special committees as it deems desirable and discontinue the same at its pleasure. Each such committee shall consist of three (3) or more Directors elected by the Board, and shall have such powers and perform such duties or functions, not inconsistent with law, as may be delegated to it by the Board. Vacancies in such other committees shall be filled by the Board.

C. ADVISORY AND OTHER COMMITTEES: The Board of Directors may provide for such other committees, including committees, advisory groups, etc., consisting in whole or in part of non-Directors, as it deems desirable, and discontinue the same at its pleasure. Each such committee shall be advisory to the Board and shall have such powers and perform such duties or functions, not inconsistent with law, as may be prescribed for it by the Board. Appointments to and the filling of vacancies on such other committees shall be made by the President unless the Board otherwise provides. Any action by each such committee shall be reported to the Board at its meeting next succeeding such action and shall be subject to control, revision, and alteration by the Board, provided that no rights of third persons shall be prejudicially affected thereby. Vacancies in any such committees shall be filled for the unexpired term by the Board, and the Board may appoint one or more persons as alternate members of any such committees who may take the place of any absent member at any meeting.

ARTICLE VII
GIFTS TO THE CORPORATION

J. Donors may make gifts to the Corporation by naming or otherwise identifying the Corporation, whether or not a trustee, custodian, or agent is designated to receive the money and property contributed. Gifts shall vest in the Corporation upon receipt and acceptance by it (whether signified by a corporation, officer, employee, or agent).

K. All gifts shall be subject to the powers of removal vested in the Board and contained in Section D.7 of ARTICLE IV. In case of failure of a donor to designate a trustee, custodian, or agent of such portions, or failure of a designated trustee, custodian, or agent to accept custody of a gift, the Board may in each case so far as necessary designate one or more of the trustees, custodians, or agents to have custody of and administer the investment of the gift, and if more than one, the portions to be so held and administered by each. The Corporation may enter into agreements with trustees, custodians, or agents having custody of funds of the Corporation, specifying additional terms of such custody.

L. Each donor by making a gift to the Corporation accepts and agrees to all the terms of the Articles of Incorporation, these Bylaws, and any and all policies enacted by the Board of Directors, and provides that the fund so created shall be subject to the provisions for presumption of donors' intent, for modification of restrictions or conditions, and for amendments and termination, and to all other terms of the Articles of Incorporation and Bylaws of the Corporation and any trust, custodian, or agency agreement between the Corporation and trustees, custodians, or agents having custody of the funds of the Corporation each as from time to time amended.

M. If a gift is made to a trustee in trust to make income or other payments to the Corporation, followed by payments to any individuals or for non-charitable purposes, it shall not be treated as a component but rather only the payments to the Corporation shall be regarded as Corporation funds, subject to its Articles of Incorporation and these Bylaws, and then only when the Corporation becomes entitled to their use. If a gift is made to a trustee in trust to make income or other payments for a period of a life or lives or term of years, to any individuals or for non-charitable purposes, followed by payments to the Corporation, it shall be treated similarly until

all such non-charitable interests expire and the fund becomes a component fund of the Corporation. The Board of Directors may take such actions as it from time to time deems necessary or desirable to further the Corporation's interests in any such funds, whether components or non-components, or protect its rights to receive payments from such funds.

N. Any donor may, with respect to a gift made by such donor to the Corporation and within such limits of policy as the Corporation from time to time may declare in writing, give directions in the instrument of gift or transfer as to (i) field of charitable purposes or particular charitable organizations or purposes to be supported; (ii) a name as a memorial or otherwise for a fund given, or addition to a fund previously held, or anonymity for the gift.

O. No gift shall be required to be separately invested or held unless it is necessary in order to prevent tax disqualification, or it is required by law. In the absence of contrary instructions from its donors, directions for naming a fund as a memorial or otherwise may be satisfied either by keeping under such name accounts reflecting appropriately the interest of such fund in each common investment or by commingling the fund with others but referring in the Corporation's literature and other commemorative communications to the amount of the gift at the time it was received by the Corporation.

P. Each fund of the Corporation shall be presumed to be intended (i) to be used only for charitable purposes, (ii) to be productive of a reasonable return of net income over a reasonable period of time which (except during the period referred to in Section D of this ARTICLE VII) is to be distributed at least annually or if accumulated is to be accumulated only in a reasonable amount and for a reasonable period for a charitable purpose or purposes, and (iii) to be used only for such of those purposes and in such manner as not to disqualify the gift from deduction as a charitable contribution, gift, or bequest in computing any federal income, gift, or estate tax of the donor or his estate and not to disqualify the Corporation from exemption from federal income tax as a qualified charitable organization described in Sections 501(c)(3) and 509(a)(1) of the Internal Revenue Code of 1954 and shall not be otherwise applied. A donor may not impose any material restriction or condition that prevents the Community Foundation from freely and effectively employing the transferred assets, or the income derived therefrom, in furtherance of its charitable purposes. If a direction by a donor, however expressed, would, if followed, result in

use contrary to the intent so presumed, or if the Board is advised by counsel that there is substantial risk of such result, the direction shall not be followed, but shall be varied by the Board so far as necessary to avoid such result, except that if the donor has clearly stated that compliance with the direction is a condition of the gift, then the gift shall not be accepted unless an appropriate judicial or administrative body first determines that the condition and direction need not be followed. Reasonable charges and expenses of counsel for such advice and proceedings shall be proper expenses. For purposes of these Bylaws, “charitable purposes” include educational, religious, scientific, public and other purposes contributions for which are deductible under Sections 170(c)(1) and 170(c)(2)(B) of the Internal Revenue Code of 1954 and “qualified charitable organizations” means an organization which is described in Section 170(c)(1) or (2) of the Code.

Q. Notwithstanding any provision in these Bylaws or in any instrument of transfer creating or adding to a fund of this Corporation, and in accordance with Article III of the Articles of Incorporation of this Corporation, the Board shall have the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to specified organizations if in the sole judgment of the Board (without the necessity of the approval of any participating trustee custodian, or agent), such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the Outer Banks of North Carolina. The Board shall exercise this power at a meeting by the affirmative vote of a majority of the members of the Board.

R. In pursuance of the Corporation’s charitable objectives, the Board shall have the authority to cause to be formed or enter into relationships with other organizations described in Section 501(c)(3) of the Internal Revenue Code, including organizations operated for the benefit of and to carry out the purposes of the Corporation, in which case the Corporation may exercise such supervision and control over any organization as is necessary to qualify it as an organization described in Section 509(a)(3) and the regulations thereunder.

ARTICLE VIII
DISTRIBUTION AND DISBURSEMENTS

E. The Board of Directors, not less frequently than yearly, shall (i) determine all distributions to be made from net income and principal of this Corporation (including funds held by trustees, custodians, or agents of the Corporation) pursuant to provisions of the Articles of Incorporation, these Bylaws, and the donors' directions if and to the extent applicable as provided herein, and make, or authorize and direct the respective trustees, custodians or agents having custody of funds of this Corporation, to make payments to organizations or persons to whom payments are to be made, in such amounts and at such times and with such accompanying restrictions, if any, as it deems necessary to assure use for the charitable purposes and in the manner intended; and (ii) determine all disbursements to be made for administrative expenses incurred by the Corporation and direct the respective trustee, custodians or agents having custody of funds of this Corporation as to payment thereof and funds to be charged.

F. Determinations may be made to distribute capital from funds given without directions as to principal or income as well as pursuant to directions expressly permitting use of principal so as to permit the trustee, custodian or agent to adjust its investment policies accordingly, and may, upon advice from the trustee, custodian or agent as to how the desired distribution and any necessary liquidation of investments can most economically be accomplished, adjust its directions for distributions so far as it deems practicable accordingly.

G. The Board shall gather and analyze facts and conduct investigation and research as from time to time is necessary in order to determine the most effective agencies and means for meeting the needs of the Outer Banks of North Carolina through application of funds for charitable purposes, and may direct disbursements for such fact gathering and analysis, investigation, and research from funds given for such purposes or from funds given without designation as to purpose. Disbursements for other proper administrative expenses incurred by the Board of Directors, including salaries for such professional and other assistance as it from time to time deems necessary, shall be directed to be paid so far as possible, first from any funds

designated by the donor for such purposes, and any balance out of income of the funds of the Corporation or such of its principal as is not specifically restricted against such use.

H. The Board may, in furtherance of the Corporation's charitable purposes when needs therefor have been determined and with appropriate provisions to assure use solely for such purposes, direct distributions to such organizations, governments, or governmental agencies as in the opinion of the Board can best carry out such purposes or help create new qualified charitable organizations to carry out such purposes.

ARTICLE IX

IDEMNIFICATION AND INSURANCE

A. RIGHT TO INDEMNIFICATION: Any person who at any time serves as a director or officer of the Corporation shall have a right to be indemnified by the Corporation to the fullest extent permitted by law against (a) reasonable expenses, including attorneys' fees, incurred by him in connection with any threatened, pending or completed civil, criminal, administrative, investigative or arbitrative action, suit or proceeding (and any appeal therein), whether or not brought by or on behalf of the corporation, seeking to hold him liable by reason of the fact that he is or was acting in such capacity, and (b) reasonable payments made by him in satisfaction of any judgment, money decree, fine, penalty or settlement for which he may have become liable in any such action, suit or proceeding.

B. PAYMENT OF INDEMNIFICATION: The Board shall take all such action as may be necessary and appropriate to authorize the Corporation to pay the indemnification required by this bylaw, including, without limitation, making a determination and indemnification is permissible in the circumstances and a good faith evaluation of the manner in which the claimant for indemnity acted and of the reasonable amount of indemnity due him. The Board may appoint a committee or special counsel to make such determination and evaluation. To the extent required, the Board shall give notice to, and obtain approval by, the Corporation for any decision to indemnify.

C. BINDING AND NONEXCLUSIVE: Any person who at any time after the adoption of this by-law serves or has served in the aforesaid capacity for or on behalf of the Corporation shall be deemed to be doing or to have done so in reliance upon, and as consideration for, the right of indemnification provided herein. Such right shall insure to the benefit of the legal representatives of any such person and shall not be exclusive of any other rights to which such person may be entitled apart from the provisions of this by-law.

D. OTHER RIGHTS; PAYMENT: Any such right of indemnification as set forth in Section A of Article IX of these Bylaws shall not be deemed exclusive of any other rights to which any such director or officer may be lawfully entitled apart from the provisions of laws of the State of North Carolina. Any amount payable by reason of indemnity under the Article shall be determined and paid in accordance with the laws of the State of North Carolina or in any other lawfully manner.

E. COORDINATION WITH INSURANCE COVERAGE: Notwithstanding any provision above, in the event and to the extent that providing indemnification (or a defense) to any person otherwise entitled thereto hereunder would reduce or otherwise render wholly or partly unavailable any insurance coverage otherwise available as a source of payment of indemnification or expenses of defense of such person, then, to the extent such coverage is available, the Corporation shall not be obligated to provide any indemnification or pay any defense costs hereunder.

ARTICLE X BOOKS AND RECORDS

The Corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its members, Board of Directors and committees having any of the authority of the Board.

ARTICLE XI
MISCELLANEOUS

- A. FISCAL YEAR: The fiscal year of the Corporation shall be January 1 through December 31.
- B. BANKING: All funds of the Corporation shall be deposited to the credit of the Corporation under such conditions and in such banks as shall be designated by the Board.
- C. SIGNATURES: Approvals for signatures necessary on checks, orders for payment, receipts, or the deposit of money, and access to securities of the Corporation shall be provided by resolution of the Board.
- D. RULES OF ORDER: Roberts Rules of Order Newly Revised shall apply on all questions and procedure and parliamentary law not specified by the Articles of Incorporation, these Bylaws or by North Carolina statute.

ARTICLE XII
AMENDMENTS

These Bylaws may be amended or repealed by a majority vote of the members of the Board of Directors who are present at a special meeting of the Board called for such purpose, or at a regular meeting of the Board, in either case with a quorum present. The notice of the proposed amendment shall be provided in accordance with these Bylaws pertaining to regular meetings and shall contain the suggested changes in the Bylaws.