

**Hilton Head Island
Economic Development Corporation**

Tuesday, August 27, 2013

9:00 a.m. – Palmetto Electric Community Room

111 Mathews Drive

Hilton Head Island, SC 29928

Note: Please park and enter through the back of the building

AGENDA

As a Courtesy to Others Please Turn Off All Cell Phones and Pagers during the Meeting

- 1. Call to Order**
- 2. Freedom of Information Act Compliance**
Public notification of this meeting has been published, posted, and mailed in compliance with the Freedom of Information Act and the Town of Hilton Head Island requirements.
- 3. Welcome / Opening Remarks**
- 4. Old Business – None**
- 5. New Business**
 - a. Orientation Package**
 - b. Guidance Concerning FOIA and Ethics**
 - c. Bylaws**
 - d. Discussion of Election of Officers**
 - e. Recommendations of Next Steps**
 - i) Team Building/Strategic Planning Effort**
 - ii) Island Tour**
 - iii) Presentation of Citizens Committee Report on Economic Development**
 - iv) Presentation of Current and Proposed Town Projects**
 - f. Upcoming Meetings**
- 6. Adjournment**

Please note that a quorum of Town Council may result if four (4) or more Town Council members attend this meeting.

Hilton Head Island Economic Development Corporation

Mission

Encourage, develop and enhance local economic development and redevelopment required to sustain the quality of life on Hilton Head Island over the long term. Create a climate to attract and retain business investment potential, broadening and deepening the economy by coordinating economic regeneration under a singularly focused business entity.

Initial Goals and Expectations:

- Provide short and long-term strategic business plan development concepts/ideas for economic growth of the Island for Town Council approval.
- Develops performance measures of economic success. Negotiates specific goals, expectations and resources necessary with Town Council.
- Maintains an up-to-date, working knowledge of various properties for development or redevelopment and develops concepts for Town Council.
- Serves as the primary contact point for economic and business development and facilitates in the closing of deals.
- Links economic resources to opportunities for business growth, attraction or investment.
- Coordinates activities with other economic development partners for recruitment retention and regeneration including by not limited to:
 - South Carolina Department of Commerce
 - Lowcountry Economic Alliance
 - Hilton Head Island Chamber of Commerce
- Develops programs/actions to support the retention and growth of existing Island businesses.
- Identifies potential targeted businesses for the Island, consistent with the Island's image, brand and culture.
- Provides advice to Town Council and Staff in possible actions to create a "Positive Environment for Business Investment" in attracting businesses, or in supporting growth of existing businesses.

Accountability

- The EDC is an integral part of the Town of Hilton Head Governance
- It operates independently to the extent that it is chartered by mission, expectations of performance, goals and results, approved by Town Council
- It shares administrative and other services with Staff as agreed.
- Once established, the EDC shall have power of reappointment of members, subject to Town Council Approval.

Town of Hilton Head Island

One Town Center Court
Hilton Head Island, SC 29928

Press Release

Date: August 6, 2013

Contact: Shawn Colin, Deputy Director of Community Development
Phone: (843) 341-4696 **Fax:** (843) 842-8587

Re: Hilton Head Island Economic Development Corporation
Board of Directors

Town Council has authorized the creation of a nonprofit Economic Development Corporation to establish a formal presence and point of contact for economic development activity on Hilton Head Island. This Economic Development Corporation will be used as a resource to help advise, cultivate, recommend and implement Town goals and objective related to economic development. Town Council has approved the appointment of seven (7) charter members to serve as the Board of Directors. Each member has specific skills and capabilities that are suitable to advance economic development efforts and are consistent with Town Council policy goals and the Mission of the Corporation. These charter members are listed below along with a brief description of their credentials.

Maryann Bastnagel has experience as a business executive, technology professional and as an entrepreneur. This combination of corporate, consulting and entrepreneurial experience provides Maryann with a basis for understanding the challenges and obstacles that business face.

Steve Carb has experience in business development and more specifically in the areas of marketing, real estate and hospitality. He has owned over a dozen businesses on Hilton Head Island since 1983 and can relate to challenges and opportunities businesses face on a day to day basis.

Carlton Dallas has experience in international business, specializing in knowledge arbitrage, business turnaround and leadership development. He has experience applying metrics and societal elements to support investment decisions. He has lead projects to relocate offices, place new offices, call centers or distributions centers. He has a unique perspective that can help explain the virtues of visiting, buying, or investing here in Hilton Head Island.

Diana McKenzie lives on Hilton Head Island has a background in technology law. She grew a firm in Chicago from 12 to nearly 50. She founded and ran a technology law group Chicago and is doing the same at Hunter Maclean in Savannah. Diana has experience in growing organizations and connections into the technology marketplace.

John Joseph has diverse experience in the business arena in the areas of business strategy, planning, operations, human resources, finance and marketing. He has indicated the importance of maintaining the viability of Hilton Head Island's current businesses and to encourage new business to locate here while both preserving and grow the Island's unique culture and lifestyle.

Tom Upshaw serves as President and CEO of Palmetto Electric Cooperative. He has experience in managing and leading business development efforts and which has allowed him to understand how prospects analyze needs to decide where to locate, relocate, or expand. He currently serves as the Chair of the Hilton Head Island-Bluffton Chamber of Commerce and has developed a network of local, regional and national contacts.

Raymond Wenig has a background in economic development and more specifically in entrepreneurship and knowledge-based startups. He has experience in growing startups and mid-sized companies. He has also served as a business mentor/coach, trainer, angel investor, problem solver and advisor to multiple businesses. He has additional experience in developing sustainable operations and has secured grants for both economic development and company projects.

The terms of appointment for these individuals are as follows:

- One year term -- G. Thomas Upshaw, Raymond Wenig, John Joseph
- Two year term -- Diana McKenzie, Steven Carb
- Three year term -- Carlton Dallas, Maryann Bastnagel

Cc: Stephen G. Riley, ICMA-CM, Town Manager

EXHIBIT A

BYLAWS

OF

HILTON HEAD ISLAND ECONOMIC DEVELOPMENT CORPORATION

Incorporated under the laws of the State of South Carolina

Effective as of _____, 2013

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ARTICLE I
Name, Location, and Offices

1.1 Name. The name of this corporation shall be "Hilton Head Island Economic Development Corporation."

1.2 Registered Office and Agent. Hilton Head Island Economic Development Corporation (hereinafter "corporation") shall maintain a registered office in the State of South Carolina, and shall have a registered agent whose address is identical with the address of such registered office, in accordance with the requirements of South Carolina law.

1.3 Other Offices. The principal office of the corporation shall be located in Hilton Head Island, South Carolina (the "Town"). The corporation may have other offices at such place or places as the Board of Directors may determine from time to time.

ARTICLE II
Purposes and Governing Instruments

2.1 Nonprofit Corporation. The corporation shall be organized and operated as a nonprofit corporation under the applicable provisions of South Carolina law. The corporation shall operate with appointed directors as provided in Article III but shall have no members; as that term is defined under South Carolina law.

2.2 Charitable Purposes. The corporation is a nonprofit corporation, the purposes of which, as set forth in the articles of incorporation, are exclusively charitable within the meaning of Section 501(c)(3) of the Internal Revenue Code. The purpose of the Corporation is to (i) promote and assist in the development of business concerns in the Town of Hilton Head Island, (ii) otherwise provide administrative organization to the redevelopment effort directed towards the Town and (iii) to engage in those activities which are in furtherance of, or related to, the purposes herein. The principal objective of the Corporation shall be to benefit the Town and surrounding area economically by fostering increased employment opportunities and by expansion of business and industry, thereby lessening the burdens of government and combating community deterioration. Towards this end, the corporation shall combine technical assistance, financial assistance, and other incentives to leverage and facilitate private development.

2.3 Governing Instruments. The corporation shall be governed by its articles of incorporation and these bylaws.

ARTICLE III
Board of Directors

3.1 Authority and Responsibility of the Board of Directors.

(a) Except as otherwise provided in the articles of incorporation of the corporation or in these bylaws, authority of the corporation and the government and management of the affairs of the corporation shall be vested in the Board of Directors; and 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 vested in the Board of Directors; and 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 or under the authority of the Board of Directors.

(b) The governing body of the corporation shall be the Board of Directors. The Board of Directors shall have supervision, control and direction of the management, affairs and property of the corporation; shall determine its policies or changes therein; and shall actively prosecute its purposes and objectives and supervise the disbursement of its funds. The Board of Directors may adopt, by majority vote, such rules and regulations for the conduct of its business and the business of the corporation as shall be deemed advisable. Under no circumstances, however, shall any actions be taken which are inconsistent with the articles of incorporation or these bylaws; and the fundamental and basic purposes of the corporation, as expressed in the articles of incorporation and these bylaws, shall not be amended or changed.

(c) The Board of Directors shall not permit any part of the net earnings or capital of the corporation to inure to the benefit of any member, trustee, officer, director, or other private person or individual.

(d) The Board of Directors 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 purposes and functions of the corporation.

(e) The Board of Directors is authorized to employ such person or persons, including an executive director or officer, attorneys, trustees, agents, and assistants, as in its judgment are necessary or desirable for the administration and management of the corporation, and to pay reasonable compensation for the services performed and expenses incurred by any such person or persons.

(f) The Board of Directors is hereby committed to exercise its authority hereunder solely in the best interests of the corporation.

3.2 Composition. The Board of Directors shall consist of not less than five (5) nor more than ten (10) members. One (1) non-voting director shall at all times be designated as the person holding the title of Town Manager for the Town of Hilton Head Island, or his designee ("Town Manager Designated Director"). The number of directors may only be increased to more than 10 (ten) members by amendment to these bylaws. Members of the Board of Directors shall serve without compensation, but may be reimbursed for reasonable expenses incurred for or on behalf of the corporation.

3.3 Terms of Office. The Town Manager Designated Director shall serve as a non-voting member of the Board for as long as he or she holds the position of Town Manager for the Town. All other Directors shall be designated Director 1 through Director 9. Directors 1, 6, and 7 shall serve an initial term upon incorporation of one (1) year. Directors 2, 5, and 8 shall serve an initial term upon incorporation of two (2) years. Directors 3, 4 and 9 shall serve an initial term upon incorporation of three (3) years. Each subsequent term for each director will be for a term of three (3) years. Except for the Town Manager Designated Director and officers, all directors may serve a maximum total of two (2) consecutive terms. Officers may serve a maximum total of three (3) consecutive terms, whether in a director or officer capacity. A director appointed to fill a vacancy shall be appointed for the unexpired portion of the departing director's term. Such unexpired portion of a term shall not be counted as a full term with regard to term limits. A director shall be eligible to be reappointed to the Board after one (1) full year of non-service.

3.4 Manner of Appointment and Election. Town Council of the Town of Hilton Head Island shall appoint the inaugural Board of Directors, after which time the Board of Directors shall be self-perpetuating. Directors shall be subsequently elected by a plurality vote of the Board of Directors; provided, however, that the Town Manager Designated Director shall at all times be the then current Town Manager of the Town of Hilton Head Island, or his designee. Except for the Town Manager Designated Director, directors shall be appointed with preference given to those candidates that have experience in one or more of the following areas: business investment, development and management, marketing, real estate, finance, hospitality, utilities, and higher education.

3.5 Attendance, Resignation and Removal. Members of the Board shall be required to attend meetings. Failure to attend three (3) regular meetings of the Board of Directors in a twelve (12) month period without excuse acceptable to the Board of Directors shall operate as a tender of resignation. A Board member who fails to meet this minimum standard shall be removed from membership on the Board, unless such failure to attend is excused for good cause by the Chairman.

3.6 Vacancies. Vacancies on the Board of Directors arising by reason of expiration of term, resignation, removal, death, disability, refusal to serve, or otherwise, shall be filled for the new term or the unexpired term, as the case may be, as provided in Section 3.4 of these bylaws. Any replacement director shall serve as a member of the Board of Directors until the expiration of his or her term, or the unexpired term of his or her predecessor, as the case may be, and until his or her successor is appointed.

3.7 Committees of the Board of Directors. By resolution adopted by a majority of directors present at a meeting at which a quorum is present, the Board of Directors may designate from among its members one or more committees, each consisting of three (3) or more directors. Except as prohibited by law, each committee shall have the authority as set forth in the resolution establishing said committee. See also Article VIII ("Committees of Directors").

ARTICLE IV

Meetings of the Board of Directors

4.1 Annual Meeting; Notice and Agenda. An annual meeting of the Board of Directors may be held at such place as the Board of Directors shall determine on such day and at such time as the Board of Directors shall designate. The secretary shall at a minimum provide notice of the date, time and place of each such annual meeting to members of the Board of Directors and to the public at the beginning of each calendar year.

An agenda, if any, for each such annual meeting shall be posted at the office or meeting place of the corporation at least twenty-four (24) hours prior to such meeting.

4.2 Regular Meetings; Notice and Agenda. Regular meetings of the Board of Directors may be held from time to time between annual meetings at such times and at such places as the Board of Directors may prescribe. The secretary shall at a minimum provide notice of the date, time and place of each such regular meeting to members of the Board of Directors and to the public at the beginning of each calendar year.

An agenda, if any, for each such regular meeting shall be posted at the office or meeting place of the corporation at least twenty-four (24) hours prior to such meeting.

4.3 Special or Rescheduled Meetings; Notice. Special meetings of the Board of Directors may be called by or at the request of the chairman or by any three (3) of the directors in office at that time. Regular meetings of the Board of Directors may be rescheduled by the Board of Directors when required by those circumstances determined in the sole discretion of the Board of Directors. The secretary shall provide notice of the agenda, date, time and place of such special or rescheduled meeting to members of the Board of Directors and to the public not later than twenty-four (24) hours before such meeting.

4.4 Waiver. Attendance by a director at a meeting shall constitute waiver of his or her right to notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of business because the meeting is not lawfully called. See also Article V ("Notice and Waiver").

4.5 Quorum. At meetings of the Board of Directors, fifty percent (50%) of the directors then in office shall be necessary to constitute a quorum for the transaction of business. In no case, however, shall less than three (3) directors constitute a quorum.

4.6 Vote Required for Action. Except as otherwise provided in these bylaws or by law, the act of a majority of directors present at a meeting at which a quorum is present at the time shall be the act of the Board of Directors. Adoption, amendment and repeal of a bylaw are provided for in Article XV of these bylaws. Vacancies in the Board of Directors may be filled as provided in Article III of these bylaws.

4.7 Adjournments. A meeting of the Board of Directors, whether or not a quorum is present, may be adjourned by a majority of the directors present to reconvene at a specific time and place. Notice of the agenda, date, time and place of such reconvened meeting shall be given by the secretary to members of the Board of Directors and to the public as early as is practicable but not later than twenty-four (24) hours before such meeting. At any such reconvened meeting at which a quorum is present, any business may be transacted which could have been transacted at the meeting that was adjourned.

4.8 Notice Requirements; Freedom of Information Act. The notice requirements of this Article IV are intended to comply with the requirements set forth in the Freedom of Information Act, Chapter 4, Title 30 of the Code of Law of South Carolina of 1976, as amended from time to time (the "Freedom of Information Act"). If the Freedom of Information Act should be amended so as to provide more stringent or additional notice requirements, the corporation shall act in full compliance with such amended notice requirements and shall amend these bylaws accordingly.

ARTICLE V

Notice and Waiver

5.1 Procedure. Whenever these bylaws require notice to be given to any director, committee member or the public, the notice shall be given in accordance with this Section 5.1. Notice to any director or committee member under these bylaws shall be in writing unless oral notice is reasonable under the circumstances. Notice to any director or committee member may be communicated in person, by telephone, telegraph, facsimile, or other form of wire or wireless communication, or by mail or private carrier. Written notice to a director or committee member, if in a comprehensible form, is effective at the earliest of the following:

- (a) When received or when delivered, properly addressed, to the addressee's last known principal place of business or residence;
- (b) Five days after its deposit in the mail, as evidenced by the postmark, if mailed with first-class postage prepaid and correctly addressed; or
- (c) On the date shown on the return receipt, if sent by registered or certified mail, return receipt requested, and the receipt is signed by or on behalf of the addressee.

Oral notice to a director or committee member is effective when communicated if communicated in a comprehensible manner.

Notice to the public under these bylaws shall be in writing and shall be provided pursuant to those methods required by the Freedom of Information Act.

In calculating time periods for notice, when a period of time measured in days, weeks, months, years or other measurement of time is prescribed for the exercise of any privilege or the discharge of any duty, the first day shall not be counted but the last day shall be counted.

5.2 Waiver. A director or committee member may waive any notice before or after the date and time stated in the notice. Except as provided herein, the waiver must be in writing, signed by the director or committee member entitled to the notice, and delivered to the corporation for inclusion in the minutes or filing with the corporate records. A director or committee member's attendance at or participation in a meeting waives any required notice to him or her of the meeting unless the director or committee member at the beginning of the meeting (or promptly upon his or her arrival) objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

ARTICLE VI

Officers

6.1 Number and Qualifications. The executive officers of the corporation shall consist of a chairman, who shall also act as the chairman of the Board of Directors, a vice chairman, a secretary and a treasurer. The Board of Directors may from time to time create and establish the duties of such other officers or assistant officers as it deems necessary for the efficient management of the corporation; but the corporation shall not be required to have at any time any officers other than a chairman, a vice chairman, a secretary and a treasurer. Any two (2) or more offices may be held by the same person, except the offices of chairman and secretary.

6.2 Election and Term of Office. The executive officers of the corporation, including the chairman, the vice chairman, the secretary and the treasurer, shall be appointed from the then serving members of the Board of Directors by the Board of Directors. Executive officers of the corporation shall serve for terms of one (1) year except in the case of their earlier death, resignation, removal, retirement, or disqualification. Any other officers or assistant officers appointed by the Board of Directors under Section 6.1 of these bylaws shall serve at the will of the Board of Directors and until their successors have been appointed and qualified, or until their earlier death, resignation, removal, retirement, or disqualification. No contract rights are created by the appointment of officers hereunder.

6.3 Removal. Any officer or agent elected or appointed by the Board of Directors may be removed from his or her capacity as such by a majority vote of the entire Board of Directors then in office whenever in its judgment the best interests of the corporation will be served thereby.

6.4 Vacancies. Except as otherwise provided in these bylaws, a vacancy in any office arising at any time and from any cause may be filled for the unexpired term at any meeting of the Board of Directors.

6.5 Chairman. The chairman shall preside at all meetings of the Board of Directors, except as any such duty may be imposed upon some other officer by resolution of the Board of Directors, the chairman shall perform all such duties as are customarily entrusted to and performed by the chairman of a South Carolina Corporation.

6.6 Vice Chairman.

(a) The vice chairman shall, in the absence or disability of the chairman, perform the duties and have the authority and exercise the powers of the chairman. The vice chairman shall perform such other duties and have such other authority and powers as the Board of Directors may from time to time prescribe or as the chairman may from time to time delegate.

(b) The vice chairman shall assist the chairman in carrying out the policies, programs, orders, and resolutions of the Board of Directors.

6.7 Secretary.

(a) The secretary shall attend all meetings of the Board of Directors and record, or cause to be recorded, all votes, actions and the minutes of all proceedings in a book to be kept for that purpose and shall perform, or cause to be performed, like duties for the executive and other committees when required.

(b) The secretary shall give, or cause to be given, notice of all meetings of the Board of Directors.

(c) The secretary shall keep in safe custody the seal of the corporation and, when authorized by the Board of Directors or the chairman, affix it to any instruments requiring it. When so affixed, it shall be attested by his or her signature or by the signature of the treasurer or an assistant secretary.

(d) The secretary shall perform such other duties and have such other authority and powers as the Board of Directors may from time to time prescribe or as the chairman may from time to time delegate.

6.8 Assistant Secretary. The assistant secretary, if any, shall, in the absence or disability of the secretary, perform the duties and have the authority and exercise the powers of the secretary. They shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe or as the chairman may from time to time delegate.

6.9 Treasurer.

(a) The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements of the corporation, or shall have such accounts maintained, and shall deposit, or have deposited, all monies and other valuables in the name and to the credit of the corporation into depositories designated by the Board of Directors. In this connection, the treasurer shall review all transactions occurring with respect to the corporation's accounts periodically, but in no event less than semiannually, to ensure that such transactions further the charitable purposes of the corporation. Unless otherwise determined by the Board of Directors, the treasurer shall have full check writing authority on behalf of the corporation, including check writing authority with respect to all expenditures exceeding the Executive Director Non-Budget Expenditure Limitations (as defined in Section 7.1 of these bylaws) and all expenditures for reimbursement or advancement of expenses incurred by the directors, executive officers, Executive Director or employees, regardless of amount.

(b) The treasurer shall disburse the funds of the corporation, or have such funds disbursed, as provided for in any capital or operating budget or as ordered by the Board of Directors or the Executive Director subject to, if applicable, those limitations set forth in Sections 7.2 and 12.5 of these bylaws, and shall prepare financial statements, or have financial statements prepared, at such intervals as the Board of Directors or the Financial Oversight Committee shall direct.

(c) If required by the Board of Directors, the treasurer shall give the corporation a bond (in such form, in such sum, and with such surety or sureties as shall be satisfactory to the board) for the faithful performance of the duties of his or her office and for the restoration to the corporation, in case of his or her death, resignation, retirement, or removal from office of all books, papers, vouchers, money and other property of whatever kind in his or her possession or under his or her control belonging to the corporation.

(d) The treasurer shall perform such other duties and have such other authority and powers as the Board of Directors may from time to time prescribe or as the chairman may from time to time delegate.

6.10 Assistant Treasurer. The assistant treasurer, if any, shall, in the absence or disability of the treasurer, perform the duties and have the authority and exercise the powers of the treasurer. They shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe or as the chairman may from time to time delegate.

ARTICLE VII Administrative Staff

7.1 Authority and Responsibility. The Board of Directors may recommend employment of administrative staff, including an executive director, to assist in the day-to-day management of the affairs of the corporation consistent with the direction of the Board of Directors. These duties include, but are not limited to, the following administrative functions:

- (a) Policies and Procedures.
- (b) Fiscal Matters not specifically designated to others.
- (c) Submitting and implementing annually approved work programs and projects.
- (d) Performance of such functions as may be required from time to time by the Bylaws as assigned by the Chairperson.

Administrative staff shall serve at the pleasure of the Board of Directors.

7.2 Limitations on Authority. If so appointed, the authority of the Executive Director shall be subject to the following limitations:

(a) The Executive Director shall not have the authority to cause the Treasurer to disburse funds for (1) any single capital or operating expenditure exceeding two thousand dollars (\$2,000.00) which is not provided for in any capital or operating budget or (2) any series of capital or operating expenditures exceeding fifty thousand dollars (\$50,000.00) in a calendar year which are not provided for in any capital or operating budget.

(b) The Executive Director shall provide to the Financial Oversight Committee a monthly report (in such form as shall be satisfactory to the Financial Oversight Committee) of the corporation's receipts and expenditures and the specific expenses incurred by the Executive Director, and those employees under the Executive Director's direction, if any, in carrying out the duties of the Executive Director on behalf of the corporation.

(c) Administrative staff may be removed either with or without cause at the discretion of the Board of Directors.

ARTICLE VIII

Committees of Directors

8.1 Committees of Directors. Standing or ad hoc committees of Directors, each consisting of three (3) or more directors, not having and exercising the authority of the Board of Directors in the management of the corporation (except as provided in Section 8.2(b) of these bylaws) may be designated by a resolution adopted by a majority of directors present at a meeting at which a quorum is present. Members of each committee shall be appointed by the chairman of the corporation's Board of Directors. Any member of any committee may be removed by the person or persons authorized to appoint such member whenever in their judgment the best interests of the corporation shall be served by such removal.

8.2 Financial Oversight Committee. The Financial Oversight Committee shall be established as a standing committee by the Board of Directors. The Financial Oversight Committee shall be responsible for reviewing the corporation's receipts and expenditures and shall review any monthly reports of the corporation's receipts and expenditures. The Financial Oversight Committee may require that the treasurer prepare financial statements, or have financial statements prepared, at such intervals as the Financial Oversight Committee determines appropriate.

8.3 Advisory and Other Committees. The Board of Directors may provide for such other committees, including committees, advisory groups, boards of governors, etc., consisting in whole or in part of persons who are not directors of the corporation, as it deems necessary or desirable, and discontinue any such committee at its pleasure. It shall be the function and purpose of each such committee to advise the Board of Directors on matters relating to the business and affairs of the corporation; and each such committee shall have such powers and perform such specific duties or functions, not inconsistent with the articles of incorporation of the corporation or these bylaws, as may be prescribed for it by the Board of Directors. Appointments to and the filling of vacancies on any such other committees shall be made by the chairman of the corporation, unless the Board of Directors otherwise provides. Any action by each such committee shall be reported to the Board of Directors at its meeting next succeeding such action and shall be subject to control, revision, and alteration by the Board of Directors, provided that no rights of third persons shall be prejudicially affected thereby.

8.4 Term of Appointment. Each member of a committee shall continue as such until the next annual meeting of the Board of Directors and until his or her successor is appointed, unless the committee shall be sooner terminated, or unless such member shall be removed from such committee, or unless such member shall cease to qualify as a member thereof.

8.5 Chairman. One member of each committee shall be appointed chairman thereof.

8.6 Vacancies. Vacancies in the membership of any committee may be filled by appointments made in the same manner as provided in the case of the original appointments.

8.7 Quorum. Unless otherwise provided in the resolution of the Board of Directors designating a committee, a majority of the whole committee shall constitute a quorum; and the act of a majority of members present at a meeting at which a quorum is present shall be the act of the committee.

8.8 Regular Meetings; Notice and Agenda. Regular meetings of any committee may be held from time to time at such times and at such places as the committee may prescribe. The chairman shall at a minimum provide, or cause to be provided, notice of the date, time and place of each such regular meeting to members of the committee and to the public at the beginning of each calendar year. An agenda, if any, for each such regular meeting shall be posted at the office or meeting place of the corporation at least twenty-four (24) hours prior to such meeting.

8.9 Special Meetings or Rescheduled Meetings; Notice. Special meetings of a committee may be called by or at the request of the chairman of the committee or by any two (2) committee members in office at that time. Regular meetings of a committee may be rescheduled by the committee when required by those circumstances determined in the sole discretion of the committee. The chairman shall at a minimum provide notice of the agenda, date, time and place of each such special or rescheduled meeting to members of the committee and to the public not later than twenty-four (24) hours before such meeting. An agenda, if any, for each such special meeting shall be posted at the office or meeting place of the corporation at least twenty-four (24) hours prior to such meeting.

8.10 Waiver. Attendance by a committee member at a meeting shall constitute waiver of his or her right to notice of such meeting, except where a committee member attends a meeting for the express purpose of objecting to the transaction of business because the meeting is not lawfully called. See also Article V ("Notice and Waiver").

ARTICLE IX Conflicts of Interest

9.1 Purpose. The purpose of this conflicts of interest policy is to protect the corporation's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer, director, Executive Director, committee member or employee of the corporation. This policy is intended to supplement but not replace Sections 33-31-831 and 33-31-832 of the South Carolina Code or other applicable state laws governing conflicts of interest applicable to nonprofit and charitable corporations.

9.2 Definitions.

(a) **Interested Person.** Any director, executive officer, Executive Director, member of a committee or employee of the corporation who has a direct or indirect Financial Interest, as defined below, is an Interested Person.

(b) **Financial Interest.** A person has a Financial Interest if the person has, directly or indirectly, through business, investment, or family:

- (1) an ownership or investment interest in excess of one thousand (\$1,000.00) dollars in any entity with which the corporation has a transaction or arrangement;
- (2) a compensation arrangement in excess of one thousand (\$1,000.00) dollars in any calendar year with the corporation or with any entity or individual with which the corporation has a transaction or arrangement; or
- (3) a potential ownership or investment interest in excess of one thousand (\$1,000.00) dollars in, or compensation arrangement in excess of one thousand (\$1,000.00) dollars in any calendar year with, any entity or individual with which the corporation is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors.

9.3 Procedures.

(a) Duty to Disclose. In connection with any actual or possible conflicts of interest, an Interested Person must disclose the existence of his or her Financial Interest at the next following meeting of the Board of Directors after such Financial Interest arises and must be given the opportunity disclose all material facts to the Board of Directors.

(b) Determining Whether a Conflict of Interest Exists. After disclosure of the Financial Interest and all material facts, and after any discussion with the Interested Person, he or she shall leave the Board of Directors meeting while the determination of a conflict of interest is discussed and voted upon. The Board of Directors shall decide if a conflict of interest exists by majority vote of the disinterested directors.

(c) Procedures for Addressing the Conflict of Interest.

- (1) An Interested Person may make a presentation at a meeting of the Board of Directors, but after such presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement that results in the conflict of interest.
- (2) The chairman of the Board of Directors shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- (3) After exercising due diligence, the Board of Directors shall determine whether the corporation can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.
- (4) If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the Board of Directors shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the corporation's best interest and for its own benefit and whether the transaction is fair and reasonable to the corporation and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

(d) Violations of the Conflicts of Interest Policy.

- (1) If the Board of Directors has reasonable cause to believe that an Interested Person has failed to disclose actual or possible conflicts of interest, it shall inform the Interested Person of the basis for such belief and afford the Interested Person an opportunity to explain the alleged failure to disclose.

- (2) If, after hearing the response of the Interested Person and making such further investigation as may be warranted in the circumstances, the Board of Directors determines that the Interested Person has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

9.4. Records of Proceedings. The minutes of the Board of Directors shall contain:

- (a) the names of the persons who disclosed or otherwise were found to have a Financial Interest in connection with an actual or possible conflict of interest, the nature of the Financial Interest, any action taken to determine whether a conflict of interest was present, and the committee's decision as to whether a conflict of interest in fact existed; and
- (b) the names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection therewith.

9.5 Restrictions on Compensation Matters. A voting member of the Board of Directors or of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the corporation for services is precluded from voting on matters pertaining to that member's compensation.

9.6 Annual Statements. Each Director, officer, Executive Director and member of a committee of the corporation shall annually sign a statement which affirms that such person:

- (a) has received a copy of the Conflicts of Interest Policy;
- (b) has read and understands the policy;
- (c) has agreed to comply with the policy; and
- (d) understands that the corporation is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

9.7 Periodic Reviews. To ensure that the corporation operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, the Board of Directors shall conduct, or cause to be conducted, periodic reviews. The periodic reviews shall, at a minimum, include the following subjects:

- (a) Whether compensation arrangements and benefits are reasonable and are the result of arm's-length bargaining;

- (b) Whether partnership and joint venture arrangements and arrangements with other organizations conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further the corporation's charitable purposes, and do not result in inurement or impermissible private benefit.

9.8 Use of Outside Experts. In conducting the periodic reviews provided for in Section 9.7, the corporation may, but need not, use outside advisors to be chosen by, and in the sole discretion of, the Board of Directors. If outside experts are used, their use shall not relieve the Board of Directors of its responsibility for ensuring that periodic reviews are conducted.

ARTICLE X

Gifts to the Corporation

10.1 Gifts. 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 or have custody of the property contributed. Gifts shall vest in the corporation upon receipt and acceptance by it (whether signified by an officer, employee, or agent of the corporation).

10.2 Donor's Restriction. Any donor may, with respect to a gift made by such donor to the corporation, give directions in the instrument of gift or transfer.

10.3 Presumption of Charitable Intent. The funds of the corporation shall be presumed to be intended (a) to be used only for charitable purposes, and (b) 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 or her 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, and shall not be otherwise applied. If a direction by the donor, however expressed, would, if followed, result in use contrary to the intent so presumed, or if the Board of Directors is advised by counsel that there is substantial risk of such result, the directions shall not be followed, but shall be varied by the Board of Directors so far as necessary to avoid such result. However, 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.

10.4 Power of Modification. 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 the articles of incorporation of this corporation, the Board of Directors shall have the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to specific organizations, if in the sole judgment of the Board of Directors (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 purposes of the corporation. The Board of Directors shall exercise this power by the affirmative vote of a majority of all the directors then in office.

ARTICLE XI Distributions and Disbursements

11.1 Distributions and Disbursements. In furtherance of the charitable purposes and functions of the corporation, when needs therefor have been determined and with appropriate provisions to assure use solely for such purposes, the Board of Directors may direct distributions to such persons, organizations, governments, or governmental agencies as in the opinion of the Board of Directors can best carry out such purposes and functions or help create new qualified charitable organizations to carry out such purposes and functions.

ARTICLE XII Contracts, Checks, Deposits, Gifts, and Reimbursements and Advances

12.1 Contracts. The Board of Directors may authorize any officer or officers, agent or agents of the corporation, in addition to the officers so authorized by these bylaws, to enter into any contracts or execute and deliver any instrument in the name and on behalf of the corporation. Such authority must be in writing and may be general or confined to specific instances.

12.2 Checks, Drafts, Notes, Etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation shall be signed by such officer or officers, agent or agents, of the corporation and in such other manner as stated in Article VI or Section 7.1 of these bylaws.

12.3 Deposits. All funds of the corporation shall be deposited from time to time to the credit of the corporation in such banks, trust companies or other depositories as the Board of Directors may select.

12.4 Gifts. The Board of Directors may accept on behalf of the corporation any contribution, gift, bequest, or subscription for the general purposes or for any special purpose of the corporation.

12.5 Reimbursements and Advances. Directors, executive officers, employees, and agents of the corporation may obtain reimbursement or advancements from the corporation for reasonable expenses incurred in the course of carrying out their duties to the corporation consistent with the corporation's policies and procedures as amended from time to time by the Board of Directors.

ARTICLE XIII
Indemnification and Insurance

13.1 Indemnification. 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 attorneys' 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 or her in connection with such action, suit, or proceeding by reason of the fact that such person is or was a trustee, officer, employee, director, or agent of the corporation, or is or was serving at the request of the corporation as a trustee, officer, employee, director, 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 under South Carolina law whether or not indemnification is proper under the circumstances because the person claiming such indemnification has met the applicable standards of conduct set forth in South Carolina law, and, to the extent it is so determined that such indemnification is proper, the person claiming such indemnification shall be indemnified to the fullest extent now or hereafter permitted by South Carolina law.

13.2 Indemnification Not Exclusive of Other Rights. The indemnification provided in Section 13.1 above shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under the articles of incorporation or bylaws, or any agreement, vote of members or disinterested directors, or otherwise, both as to action in his or her 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 trustee, officer, employee, director, or agent, and shall inure to the benefit of the heirs, executors, and administrators of such a person.

13.3 Insurance. To the extent permitted by South Carolina law, the corporation may purchase and maintain insurance on behalf of any person who is or was a trustee, officer, employee, director, or agent of the corporation, or is or was serving at the request of the corporation as a trustee, officer, employee, director, or agent of another corporation, domestic or foreign, nonprofit or for profit, partnership, joint venture, trust or other enterprise.

ARTICLE XIV
Miscellaneous

14.1 Books and Records. The corporation shall keep correct and complete books, financial records and records of account and shall also keep minutes of the proceedings of its Board of Directors and committees. The corporation shall keep at its registered or principal office a record giving the names and addresses of the directors and any other information required under South Carolina law.

14.2 Corporate Seal. The corporate seal (of which there may be one or more exemplars) shall be in such form as the Board of Directors, may from time to time determine.

14.3 Fiscal Year. The Board of Directors is authorized to fix the fiscal year of the corporation and to change the same from time to time as it deems appropriate.

14.4 Internal Revenue Code. All references in these bylaws to sections of the Internal Revenue Code shall be considered references to the Internal Revenue Code of 1986, as from time to time amended, to the corresponding provisions of any applicable future United States Internal Revenue Law, and to all regulations issued under such sections and provisions.

14.5 Construction. Whenever the context so requires, the masculine shall include the feminine and neuter, and the singular shall include the plural, and conversely. If any portion of these bylaws shall be invalid or inoperative, then, so far as is reasonable and possible:

- (a) The remainder of these bylaws shall be considered valid and operative; and
- (b) Effect shall be given to the intent manifested by the portion held invalid or inoperative.

14.6 Table of Contents; Headings. The table of contents and headings are for organization, convenience and clarity. In interpreting these bylaws, they shall be subordinated in importance to the other written material.

14.7 Relation to Articles of Incorporation. These bylaws are subject to, and governed by, the articles of incorporation.

ARTICLE XV Amendments

15.1 Power to Amend Bylaws. The Board of Directors shall have the power to alter, amend, or repeal these bylaws or adopt new bylaws. All changes will take effect only upon review and approval from Town Council.

15.2 Conditions. Action by the Board of Directors with respect to altering, amending or repealing these bylaws shall be taken by the affirmative vote of at least two-thirds of all directors then holding office.

ARTICLE XVI Tax-Exempt Status

16.1 Tax-Exempt Status. The affairs of the corporation at all times shall be conducted in such a manner as to assure its status as a "publicly supported" organization as defined in section 509(a)(1) or section 509(a)(2) or section 509(a)(3) of the Internal Revenue Code, and so in other ways to qualify for exemption from tax pursuant to section 501(c)(3) of the Internal Revenue Code.

HILTON HEAD ISLAND
ECONOMIC DEVELOPMENT CORPORATION

ATTEST:

By: _____
Chairman

Secretary

[CORPORATE SEAL]