

MINUTES OF THE BOARD OF DIRECTORS OF  
NORTH CAROLINA WOODWORKER, INC.  
BY CONSENT TO ACTION WITHOUT MEETING

In accordance with the provisions of North Carolina General Statute 55A-8-21, the undersigned directors ("Directors") of North Carolina Woodworker, Inc. ("Corporation"), hereby take the following actions and adopt the following resolutions by signing their consent hereto:

WHEREAS, Corporation desires to adopt a conflict of interest policy applicable to Directors and Officers of the Corporation;

WHEREAS, Subject to § 6.1.1 of the Corporation's Bylaws, Corporation desires to approve a compensation arrangement policy for any officer, director, trustee, highest compensated employee and independent contractor, as the case may be;

WHEREAS, Corporation desires to purchase and maintain insurance on behalf of any agent of the Corporation including any director, officer, employee, member or other agent of the Corporation; and

WHEREAS, the Directors desire to amend the Bylaws of the Corporation to further clarify the purposes, tax exempt status, indemnification and to include emergency bylaw provisions;

THEREFORE, BE IT RESOLVED, that the Corporation adopt the conflict of interest policy which is attached hereto and incorporated herein by reference. All Directors and Officers agree to abide by such terms and conditions as contained within such policy;

FURTHER RESOLVED, subject to § 6.1.1 of the Corporation's Bylaws which states "each Director must be a Member of the Corporation," it shall be the policy of the Corporation for the Directors to approve any and all compensation arrangements for any officer, director, trustee, highest compensated employees and highest compensated independent contractors, as the case may be, and shall approve such arrangements in advance and will document in writing the date and terms of any such compensation arrangement(s);

FURTHER RESOLVED, that the Corporation may purchase and maintain insurance on behalf of any agent of the Corporation including any director, officer, employee, member or other agent of the Corporation, against liabilities asserted against or incurred by the agent in such capacity or arising out of the agent's status as such whether or not the Corporation would have the power to indemnify the agent against such liability;

FURTHER RESOLVED, the Directors unanimously vote to amend the Bylaws of the Corporation to further clarify the purposes, tax exempt status, indemnification issues and include emergency bylaws, as stated on the attached Amendment which is incorporated herein by reference.

This action to be effective as of the \_\_\_\_ day of \_\_\_\_\_, 2010.

APPROVED BY THE BOARD OF DIRECTORS:

\_\_\_\_\_  
Douglas Robinson, Director

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Robert Payne, Director

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Travis Porter, Director

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Tracy Pardue, Director

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Scott Smith, Director

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Scott Miller, Director

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Stuart Nelson, Director

## CONFLICT OF INTEREST POLICY

An occasion may arise in which a Director or Officer of the North Carolina Woodworker, Inc. may have a financial or personal interest in a matter coming before the Board of Directors. The Conflict of Interest Policy attached has been written to clarify the actions of the Board and the interested parties in this event.

1. I have received a copy of the Conflict of Interest Policy,
2. I have read and understand the Policy,
3. I agree to comply with the Policy, and
4. I understand the North Carolina Woodworker, Inc. is charitable and in order to maintain its federal tax exemption, it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

**North Carolina Woodworker, Inc.  
CONFLICT OF INTEREST POLICY**

**Article I  
Purpose**

The purpose of the conflict of interest policy is to protect The North Carolina Woodworker, Inc.'s ("NCW") tax-exempt interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of NCW or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

**Article II  
Definitions**

**1. Interested Person**

Any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

**2. Financial Interest**

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- a. An ownership or investment interest in any entity with which NCW has a transaction or arrangement,
- b. A compensation arrangement with NCW or with any entity or individual with which NCW has a transaction or arrangement, or
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which NCW is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

**Article III**  
**Procedures**

**1. Duty to Disclose**

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

**2. 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/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

**3. Procedures for Addressing the Conflict of Interest**

- a. An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- b. The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the governing board or committee shall determine whether NCW can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the best interest of NCW, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

**4. Violations of the Conflicts of Interest Policy**

- a. If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or

possible conflict of interest, it shall take appropriate disciplinary and corrective action.

**Article IV**  
**Records of Proceedings**

The minutes of the governing board and all committees with board delegated powers shall contain:

1. 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 governing board's or committee's decision as to whether a conflict of interest in fact existed.
2. 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 with the proceedings.

**Article V**  
**Compensation**

1. A voting member of the governing board who receives compensation, directly or indirectly, from NCW for services is precluded from voting on matters pertaining to that member's compensation.
2. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from NCW for services is precluded from voting on matters pertaining to that member's compensation.
3. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from NCW, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

**Article VI**  
**Annual Statements**

Each director, principal officer and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:

1. Has received a copy of the conflicts of interest policy,
2. Has read and understands the policy,
3. Has agreed to comply with the policy, and
4. Understands NCW is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

**Article VII**  
**Periodic Reviews**

To ensure NCW operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

1. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
2. Whether partnerships, joint ventures, and arrangements with management organizations conform to NCW's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

**Article VIII**  
**Use of Outside Experts**

When conducting the periodic reviews as provided for in Article VII, NCW may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

**AMENDMENT TO  
BY-LAWS OF  
NORTH CAROLINA WOODWORKER, INC.**

ARTICLE 2. Sections 2.4 -2.8 shall be added to the Bylaws as follows:

**2.4 IRC §501(c)(3) PURPOSES**

The Corporation is organized exclusively for one or more of the purposes as specified in Section 501(c)(3) of the Internal Revenue Code, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under Section 501(c)(3) and 170(c)2 of the Internal Revenue Code.

**2.5 LIMITATIONS ON ACTIVITIES**

No substantial part of the activities of this Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and this Corporation shall not participate in, or intervene in (including the publishing or distribution of statements), any political campaign on behalf of, or in opposition to, any candidate for public office.

Notwithstanding any other provisions of these Bylaws, this Corporation shall not carry on any activities not permitted to be carried on (a) by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code.

**2.6 PROHIBITION AGAINST PRIVATE INUREMENT**

No part of the net earnings of this Corporation shall inure to the benefit of, or be distributable to, its members, directors or trustees, officers, or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes of this Corporation.

**2.7 DISTRIBUTION OF ASSETS**

Upon the dissolution of the Corporation, the Board of Directors shall, after paying or making provisions for the payment of all debts, obligations, liabilities, costs and expenses of the corporation, dispose of all of the assets of the Corporation exclusively for the purposes of the Corporation in such manner, or to such organizations organized and operated exclusively for religious, charitable, educational, scientific or literary purposes as shall at the time qualify as an exempt organization or organizations under §501(c)(3) of the Code as the Board of



Directors shall determine, or to federal, state or local governments to be used exclusively for public purposes. Any such assets not so disposed of shall be disposed of by the Superior Court of the county in which the principal office of the Corporation is then located, exclusively for such purposes or to such organizations, such as the court shall determine, which are organized and operated exclusively for such purposes, or to such governments for such purposes.

## **2.8 PRIVATE FOUNDATION REQUIREMENTS AND RESTRICTIONS**

It is the intention of the founders and initial directors that the Corporation not be a private foundation as described in Section 509(a) of the Internal Revenue Code; however, in any taxable year in which this Corporation is such, the Corporation 1) shall distribute its income for said period at such time and manner as not to subject it to tax under Section 4942 of the Internal Revenue Code; 2) shall not engage in any act of self-dealing as defined in Section 4941(d) of the Internal Revenue Code; 3) shall not retain any excess business holdings as defined in Section 4943(c) of the Internal Revenue Code; 4) shall not make any investments in such manner as to subject the Corporation to tax under Section 4944 of the Internal Revenue Code; and 5) shall not make any taxable expenditures as defined in Section 4945(d) of the Internal Revenue Code.

ARTICLE 9 shall be added to the Bylaws as follows:

## **9 INDEMNIFICATION**

Any person who at any time serves or has served as a director of the Corporation, or who, while serving as a director of the Corporation, serves or has served, at the request of the Corporation, as a director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, or as a trustee or administrator under an employee benefit plan, 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 such person in connection with any threatened, pending or completed civil, criminal, administrative, investigative or arbitral action, suit or proceeding (and any appeal therein), whether or not brought by or on behalf of the Corporation, seeking to hold such person liable by reason of the fact that such person is or was acting in such capacity, and (b) reasonable payments made by such person in satisfaction of any judgment, money decree, fine (including an excise tax assessed with respect to an employee benefit plan), penalty or settlement for which such person may have become liable in any such action, suit or proceeding.

The Board of Directors of the Corporation 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 that 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 the claimant. The Board of Directors may appoint a committee or special counsel to make such determination and evaluation. The Board shall give notice to and obtain approval by the directors of the Corporation for any decision to indemnify if required by North Carolina General Statutes Chapter 55A.

Any person who at any time after the adoption of this bylaw 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 inure 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 provision of this bylaw.

ARTICLE 10 shall be added to the Bylaws as follows:

## **10     EMERGENCY BYLAWS**

### **10.1   EFFECTIVENESS**

Notwithstanding any other provisions in the Bylaws or the Articles of Incorporation of the Corporation, the emergency Bylaws provided in this Article shall be effective during any emergency resulting from a military attack on the United States or on a locality in which the Corporation conducts its principal business or customarily holds meetings of its Board of Directors, or during any nuclear or atomic disaster, or during the existence of any other catastrophic event or similar emergency, as a result of which a quorum of the Board of Directors, or of the Executive Committee of the Board of Directors, if any, cannot readily be assembled for action. To the extent not inconsistent with the provisions of these emergency Bylaws, the provisions of the regular Bylaws shall remain in effect during such emergency. Upon termination of the emergency, the emergency Bylaws shall cease to be effective.

### **10.2   BOARD MEETINGS**

During any such emergency, a meeting of the board of Directors may be called by any officer or director of the Corporation. Notice of the time and place of the meeting shall be given by the person calling the meeting to such of the directors as it may be feasible to reach at the time by any available means of communication, including publication or radio. Such advance notice shall be given as, in the judgment of the person calling the meeting, circumstances permit. At any such meeting of the Board of Directors, a quorum shall consist of TWO (2). To the extent required to constitute a quorum at the meeting, the officers present shall be

deemed, in order of rank and within the same rank in order of seniority, directors for the meeting. The Board of Directors may take any action at any such meeting which it deems necessary for managing the Corporation during the emergency.

**10.3 PRINCIPAL OFFICE**

During the emergency, the Board of Directors may change the principal office of the Corporation or designate several alternative principal offices, or authorize the officers to do so, which change or designation shall last for the duration of the emergency.

**10.4 SPECIFIC POWERS**

Without limiting the generality of the foregoing, the Board of Directors, acting pursuant to Section 10.2 above, is authorized to make all necessary determinations of fact regarding the extent and severity of the emergency and the availability of members of the Board; to designate and replace officers, agents and employees of the Corporation and otherwise provide for continuity of management; and to adopt rules of procedure and fill vacancies in the Board of Directors.

**10.5 NONEXCLUSIVE POWERS**

The emergency powers provided in this Article shall be in addition to any powers provided by law.

(SIGNATURE PAGE TO FOLLOW)

This Amendment is effective as of the \_\_\_\_ day of \_\_\_\_\_, 2010, and is hereby adopted by unanimous vote of the Board of Directors of NORTH CAROLINA WOODWORKER, INC.

BOARD OF DIRECTORS:

\_\_\_\_\_  
Douglas Robinson, Director

\_\_\_\_\_  
Robert Payne, Director

\_\_\_\_\_  
Travis Porter, Director

\_\_\_\_\_  
Tracy Pardue, Director

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Scott Smith, Director

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