

## BYLAWS

### OF

#### GRANDFATHER MOUNTAIN STEWARDSHIP FOUNDATION, INC. a North Carolina nonprofit corporation

### ARTICLE I

#### Name and Character

1.01 Name. The name of the Corporation shall be GRANDFATHER MOUNTAIN STEWARDSHIP FOUNDATION, INC. or such other name as may be determined by the Board of Directors.

1.02 Character. The Corporation shall be a non-profit corporation formed to pursue the purposes set forth in its Articles of Incorporation, as properly amended from time to time, within the requirements for an organization qualified under Section 501(c)(3) of the Internal Revenue Code.

1.03 Nonpartisan Activities. This Corporation has been formed under the North Carolina Nonprofit Corporation Act for the public purposes described above, and it shall be nonprofit and nonpartisan. No substantial part of the activities of the Corporation shall consist of the publication or dissemination of materials with the purpose of attempting to influence legislation, and the Corporation shall not participate or intervene in any political campaign on behalf of any candidate for public office or for or against any cause or measure being submitted to the people for a vote.

### ARTICLE II

#### Offices

2.01 Principal Office. The principal office for the transaction of the activities and affairs of the Corporation ("principal office") shall be located in the state of North Carolina at such place as the Board of Directors may determine. The Board of Directors may change the principal office from one location to another.

2.02 Other Offices. The Board of Directors may at any time establish branch or subordinate offices at any place or places where the Corporation is qualified to conduct its activities.

2.03 Registered Office. The registered office of the Corporation required by applicable law to be maintained in the State of North Carolina and in any other state shall be designated by the Board of Directors

### ARTICLE III

#### Membership

3.01 Members Prohibited. The Corporation shall not have members.

3.02 Effect of Prohibition. Any action which would otherwise require approval by a majority of all members or approval by the members shall require only approval by the Board of Directors. As provided in the North Carolina Nonprofit Corporation Act, all rights which would otherwise vest in the members shall vest in the Board of Directors.

### ARTICLE IV

#### Directors

4.01 General Powers. Subject to the limitations of the Articles of Incorporation, these Bylaws and the North Carolina Nonprofit Corporation Act, all corporate powers shall be exercised by and under the authority of the Board of Directors, and the management and affairs of the Corporation shall be controlled by the Board of Directors. Without prejudice to these general powers, and subject to the same limitations, the Directors shall have the power to:

(a) Select and remove all officers, agents, and employees of the Corporation; prescribe any powers and duties for them that are consistent with North Carolina Nonprofit Corporation Act, with the Articles of Incorporation, and with these Bylaws; and fix their compensation, if any.

(b) Change the principal office or the requested office in the State of North Carolina from one location to another; cause the corporation to be qualified to do business in any other state, territory, dependency, or country and conduct business within or outside the State of North Carolina; and designate any place within the State of North Carolina for the holding of any meeting or meetings, including annual meetings.

(c) Adopt, make, and use a corporate seal.

(d) Borrow money and incur indebtedness on behalf of the Corporation and cause to be executed and delivered for the Corporation's purposes, in the corporate

name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, and other evidences of debt and securities.

#### 4.02 Number, Term and Election.

(a) The number of Directors shall be the number as determined from time to time by the Board of Directors in accordance with these Bylaws, which number may be one or more persons. The number of Directors may be increased or decreased from time to time by the Board of Directors.

(b) The term of an Initial Director (as defined in Section 4.03(a)) shall be until that person's death, resignation or removal. The term of a Director who is not an Initial Director shall be set by the Board of Directors at the election of such person and the term of that Director shall be until the first to occur of that person's death, resignation, removal, or until the expiration of that person's term. There is no prohibition to election of a person to successive terms.

(c) Additional Directors may be elected by the vote of a majority of the Directors present at a duly called and held regular or special meeting of the Board of Directors at which a quorum is present provided the notice for the meeting specified that a proposal for the election of a Director(s) would be considered at the meeting.

#### 4.03 Removal and Resignation.

(a) For the purpose of these Bylaws, the Initial Directors shall be those individuals named in the Articles of Incorporation as constituting the initial Board of Directors, those individuals being Julia T. Morton, Julia MacRae Morton, James McKay Morton, Catherine Walker Morton, Hugh MacRae Morton III, and John McGee Morton. The Initial Directors shall only be removed, with or without cause, by:

(i) the unanimous action of all of the then serving Directors, other than the Initial Director against whom such removal action is being taken, at a duly called and held meeting, provided the notice for the meeting specified that a proposal for the removal of that Director would be considered at the meeting, and further provided, there must be a minimum of two Directors voting for such removal; or

(ii) the unanimous action of all of the then serving Initial Directors, other than the Initial Director against whom such removal

action is being taken, at a duly called and held meeting provided the notice for the meeting specified that a proposal for the removal of that Director would be considered at the meeting, and further provided, there must be a minimum of two Initial Directors voting for such removal.

This Section 4.03(a) may not be amended, modified or repealed by any amendment, modification or repeal of the Bylaws of this Corporation without the consent of all then serving Initial Directors.

(b) With regard to any Director that is not an Initial Director, such Director may be removed with or without cause, by the vote of a majority of the Directors, other than the Director against whom such removal action is being taken, present at a duly called and held meeting at which a quorum is present provided the notice for the meeting specified that a proposal for the removal of that Director would be considered at the meeting.

(c) Any Director may resign by giving written notice to the President of the Corporation, the Secretary of the Corporation, or the remainder of the Board of Directors. The resignation shall be effective when the notice is given unless it specifies a later time for the resignation to become effective. If a Director's resignation is effective at a later time, the Board may elect a successor to take office as of the date when the resignation becomes effective.

#### 4.04 Vacancies.

(a) A vacancy or vacancies on the Board of Directors shall be deemed to exist on the occurrence of any of the following:

(i) the death, resignation, or removal of any Director; or

(ii) the increase in the authorized number of Directors.

(b) A vacancy may, but is not required to, be filled by the vote of a majority of the remaining Directors present at a duly called and held meeting of the Board of Directors at which a quorum is present provided the notice for the meeting specified that a proposal for the election of a Director(s) would be considered at the meeting

## ARTICLE V

### Meetings of Directors

5.01 Regular Meetings. A regular meeting of the Board of Directors shall be held annually in May of each year for the purpose of appointing officers and to transact such other business as comes before the meeting. In addition, the Board of Directors may provide, by resolution, the time and place for the holding of additional regular meetings. Regular meetings of the Board may be held at any place within the State of North Carolina that has been designated from time to time by resolution of the Board of Directors. In the absence of such designation, regular meetings shall be held at the principal office of the Corporation.

5.02 Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President or any two (2) Directors. Such special meetings of the Board shall be held at the principal office of the Corporation or at such other place within the State of North Carolina as shall be designated in the notice of the meeting or agreed upon by a majority of the Directors entitled to vote thereat.

5.03 Adjournment. A majority of the Directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. Notice of the time and place of the resumption of an adjourned meeting need not be given unless the original meeting is adjourned for more than 24 hours or such meeting was adjourned for lack of a quorum. If the original meeting is adjourned for more than 24 hours or for lack of a quorum, notice of the resuming of the adjourned meeting at another time and place shall be given, before the time of the resuming of the adjourned meeting, to the Directors who were not present at the time of the adjournment.

5.04 Notice of Meetings. Regular meetings of the Board of Directors may be held without notice.

The person or persons calling a special meeting of the Board of Directors shall, at least five (5) days before the meeting, give notice thereof by any usual means of communication. Such notice shall specify the purpose for which the meeting is called.

5.05 Waiver of Notice. Any Director may waive notice of any Directors' meeting held without proper call or notice, either before or after the meeting is held.

Attendance by a Director at a meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the purpose of objection to the transaction of any business because the meeting is not lawfully called and does not thereafter vote for or assent to action taken at the meeting.

5.06 Quorum. A majority of the number of Directors in office immediately before the meeting begins shall constitute a quorum for the transaction of business at any meeting of the Board of Directors.

5.07 Manner of Acting. Except as otherwise provided by law, in the Articles of Incorporation, or in the Bylaws, an act of the majority of the Directors present at a duly called and held meeting at which a quorum is present shall be the act of the Board of Directors.

The vote of a majority of the Directors then in office shall be required to (i) adopt, amend or repeal a By-Law, if otherwise permissible, or (ii) to adopt a resolution dissolving the Corporation. Approval of a transaction in which one (1) or more Directors have an adverse interest shall require a majority of the disinterested Directors present, even though less than a quorum, after all such disinterested Directors have been apprised of the material facts of the transaction and of the interested Directors adverse interest therein.

5.08 Informal Action by Directors and Attendance by Telephone. Action required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting if written consent to the action in question is signed by all the Directors and filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

Any or all Directors may participate in a regular or special meeting of the Board by means of a conference telephone or similar device which allows all Directors participating in the meeting to hear each other, and a Director so participating in a meeting shall be deemed present in person at such meeting.

5.09 Compensation and Reimbursement of Expenses. The Board of Directors may compensate Directors for their services as such and may provide for the payment of expenses incurred by Directors in attending regular and special meetings of the Board or in performing any services for the Corporation authorized by the Board of Directors.

## ARTICLE VI

### Officers

6.01 Number. The officers of the Corporation shall consist of a President, a Secretary, a Treasurer, and such Vice President, Assistant Secretaries, Assistant Treasurers and other officers as the Board of Directors may from time to time appoint. Any two (2) or more offices may be held by the same person, but no officer may act in more than one (1) capacity where action of two (2) or more officers is required. It shall

not be necessary for any officer to be a Director or a resident of the State of North Carolina.

6.02 Election and Term. The officers of the Corporation shall be appointed by the Board of Directors. Each officer shall hold office until his/her death, resignation, removal, or until his/her successor is elected and qualified. Each officer so appointed shall have the title, hold office for the period, have the authority, and perform the duties specified in these Bylaws or determined by the Board.

6.03 Removal and Resignation. Any officer or agent appointed by the Board of Directors may be removed by the Board of Directors with or without cause, by the vote of a majority of the Directors present at a duly called and held meeting at which a quorum is present. Any officer may resign at any time by giving written notice to the Corporation, the notice to be to the attention of the Board of Directors. The resignation shall take effect as of the date the notice is received or at any later time specified in the notice and, unless otherwise specified in the notice, the resignation need not be accepted to be effective.

6.04 Vacancies in Office. A vacancy in any office because of death, resignation, removal, or any other cause may be filled in the manner prescribed in these Bylaws for regular appointments to that office.

6.05 President. The President shall be the principal executive officer of the Corporation and, subject to the control of the Board of Directors, shall supervise and control the management of the Corporation according to these Bylaws and any directions from the Board of Directors.

The President shall, when present, preside at all meetings of the Board of Directors. The President shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

6.06 Vice President. The Vice Presidents in the order of their election, unless otherwise determined by the Board of Directors, shall, in the absence or disability of the President, perform the duties and exercise the powers of that office. In addition, the Vice Presidents shall perform such other duties and shall have such other powers as the President or Board of Directors shall prescribe.

6.07 Secretary.

(a) Book of Minutes. The Secretary shall keep or cause to be kept, at the Corporation's principal office or such other place as the Board of Directors may direct, a book of minutes of all meetings, proceedings and action of the Board of Directors and of committees of the Board of Directors. The minutes of meetings

shall include the time and place that the meeting was held, the names of those present at the meeting, and a summary of the action taken. The Secretary shall keep or cause to be kept, at the principal office, a copy of the Articles of Incorporation and Bylaws, as amended to date.

(b) Notices, Seal and Other Duties. The Secretary shall give, or cause to be given, notice of all meetings of the Board and of committees of the Board required by law and these Bylaws to be given. The Secretary shall keep the corporate seal in safe custody, shall sign such instruments as may require the Secretary's signature and, shall perform all duties incident to the office of Secretary and such other duties as may be assigned to the Secretary from time to time by the President or by the Board of Directors.

#### 6.08 Treasurer.

(a) Books of Account. The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and accounts of the Corporation's assets, liabilities, and transactions. The Treasurer shall send or cause to be given to the Board of Directors such financial statements and reports as are required to be given by laws, by these Bylaws, or by the Board of Directors. The books of account shall be open to inspection by any Director at all reasonable times.

(b) Deposit and Disbursement of Money and Valuables. The Treasurer shall deposit, or cause to be deposited, all money and other valuables in the name and to the credit of the Corporation with such depositories as the Board of Directors may designate, shall disburse the Corporation's funds as the Board of Directors or the President may order, shall render to the Board of Directors or the President, as requested, an account of all transactions of the Corporation and of the financial condition of the Corporation, shall perform duties incident to the office of Treasurer and such other duties as may be assigned to the Treasurer from time-to-time by the President or by the Board of Directors

6.09 Assistant Secretaries and Assistant Treasurers. The Assistant Secretaries and Assistant Treasurers in the order of their election, unless otherwise determined by the Board of Directors or the President, shall, in the absence or disability of the Secretary or the Treasurer, respectively, perform the duties and exercise the powers of those offices and shall, in general, perform such other duties as shall be assigned to them by the Secretary or the Treasurer, respectively, or by the President or the Board of Directors.

6.10 Other Officers. The duties of any other officers appointed by the Board of Directors as provided in Section 6.02 above shall be as prescribed by the Board of Directors from time to time.



6.11 Bonds. The Board of Directors may by resolution require any or all officers, agents and employees of the Corporation to give bond to the Corporation, with sufficient securities, conditioned on the faithful performance of the duties of their respective offices or positions and to comply with such other conditions as may from time-to-time be required by the Board of Directors, the costs and premiums of any such bonds to be paid by the Corporation.

## ARTICLE VII

### Executive and Other Committees

7.01 Creation of Committees. The Board of Directors may at any regular or special meeting by resolutions adopted by a majority of the Directors then in office, designate an Executive Committee and one or more other committees each consisting of two (2) or more Directors, one of whom shall be appointed by the Board of Directors to serve as Chairperson of said committee.

7.02 Authority of Committee. Each committee, shall have the authority as designated to it by the Board of Directors, except that no committee, regardless of any resolution by the Board of Directors to the contrary, may:

- (a) Fill vacancies on the Board of Directors;
- (b) Fix compensation of the Directors for serving on the Board or on any committee;
- (c) Amend or repeal Bylaws or adopt new Bylaws;
- (d) Amend or repeal any resolution of the Board that by its express terms is not so amendable or repealable;
- (e) Create any other committees of the Board or appoint the members of committees of the Board;
- (f) Approve any contract or transaction to which the Corporation is a party and in which one or more of its Directors has a material financial interest.

7.03 Meetings. Regular meetings of any Executive Committee (if any) and other committees may be held without notice at such time and at such place as shall from time to time be determined by the Executive Committee or such other committees, and special meetings of the Executive Committee or such other committees may be called by any member thereof upon five (5) days' notice to the other members of such committee, or on

such shorter notice as may be agreed to in writing by each of the other members of such committee, given either personally or in such manner provided in these Bylaws pertaining to notice for Board of Directors meetings. Any or all members of the Executive Committee (if any) or any other committee may participate in a meeting of the Executive Committee or any other committee, as applicable, by means of a conference telephone or similar device which allows all persons participating in the meeting to hear each other and a member of the Executive Committee or any other committee, as applicable, shall be deemed present in person at such meeting.

7.04 Vacancies. Vacancies on the Executive Committee (if any) or on other committees may be filled by the majority of the Directors then in office at any regular or special meeting of the Board of Directors.

7.05 Quorum. At all meetings of the Executive Committee (if any) or other committees, a majority of the members then on the Committee shall constitute a quorum for the transaction of business by the Committee.

7.06 Manner of Acting. The act of a majority of the members of the Executive Committee (if any) or other committees present at any meeting at which there is a quorum shall be the act of such committee.

7.07 Minutes. The Executive Committee (if any) and any other committees as may be appointed pursuant to the provisions of this Article VII shall keep minutes of their proceedings and make reports to the Board of Directors when required.

## ARTICLE VIII

### Indemnification

8.01 Indemnification in General. Any person who at any time serves or has served as a Director or officer of the Corporation, or in such capacity at the request of the Corporation for any other corporation, partnership, joint venture, trust or other enterprise, shall be indemnified by the Corporation to the fullest extent permitted by law (but only to the extent not paid or reimbursed by insurance or any other third party) against: (a) all expenses, including attorneys' fees, actually and necessarily incurred by such person in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative and whether or not brought by or on behalf of the Corporation, seeking to hold such person liable by reason of the fact of such capacity or the fact that such person is or was acting in such capacity; and (b) all payments made by such person in satisfaction of any judgment, money decree, fine, penalty or settlement for which such person may have become liable in any such action, suit or proceeding.

To the fullest extent permitted by law (but only to the extent not paid or reimbursed by insurance or any other third party) and when authorized by vote of a majority of the disinterested Directors, the Corporation may pay expenses incurred by a Director or officer of the Corporation in defending a civil or criminal action, suit or proceeding in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the Director or officer to reimburse the Corporation for such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation against such expenses.

Notwithstanding the foregoing provisions of this Section 8.01, the Corporation shall not indemnify or agree to indemnify any person against expenses or other liabilities incurred by such person on account of any activities or omissions if: (i) such activities were not taken or such omissions were not made in good faith; or (ii) such actions or omissions were at the time taken or made, as may be applicable, known or believed by such person to be clearly in conflict with the best interests of the Corporation, nor shall the Corporation indemnify or agree to indemnify such person, incident to any criminal action or proceeding, with respect to actions or omissions of such person which such person had reasonable cause to believe were unlawful.

Any person entitled to indemnification under this Section 8.01 shall be entitled to recover all costs and expenses incurred in enforcing his rights hereunder.

8.02 Action by Board of Directors. Except as provided below, the Board of Directors of the Corporation shall, by vote of a majority of the disinterested Directors, take all such action as may be necessary and appropriate to authorize the Corporation to pay any indemnification required by these Bylaws, including, without limitation, making a good faith evaluation of the manner in which the claimant for indemnity acted or failed to act and of the reasonable amount of any indemnity due such person. Notwithstanding the foregoing, however, if a majority of the Directors shall not be disinterested with respect to an indemnification claim made hereunder, the adversely interested party shall be required to prove that the transaction is just and reasonable to the Corporation as provided in North Carolina General Statutes Section 55A-24.2(b)(3). The termination of any action, suit, appeal or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner known or believed by such person not to be in or opposed to the best interests of the Corporation and, with respect to any criminal action or proceeding, shall not create the presumption that such person had reasonable cause to believe such conduct was unlawful.

8.03 Insurance. The Board of Directors may authorize the Corporation to purchase and maintain insurance on behalf of any person who at any time serves or has served as a Director, officer, employee or agent of the Corporation, or is or was serving in such

capacity at the request of the Corporation for any other corporation, partnership, joint venture, trust or other enterprise, against liability asserted against such person and incurred by such person in any such capacity or arising out of such person's status as such or acts in such capacity, whether or not the Corporation would have had the power to indemnify the person against such liability under the provisions of these Bylaws or of the North Carolina Nonprofit Corporation Act, as amended.

8.04 Indemnified Individual. Any person who at any time serves or has served as a Director or officer of the Corporation or serves or has served in such capacity at the request of the Corporation for any other corporation, partnership, joint venture, trust or other enterprise 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 this Article VIII. No amendment, modification or repeal of this Article VIII shall adversely affect the right of any person hereunder with respect to any activities occurring prior to the time of such amendment, modification or repeal.

## ARTICLE IX

### Contracts, Checks and Deposits

9.01 Contracts. The Board of Directors may authorize any officer(s) or agent(s) to enter into any contract or execute and deliver any instrument on behalf of the Corporation, and such authority may be general or confined to specific instances.

9.02 Checks and Drafts. All checks, drafts or other orders for the payment of money issued in the name of the Corporation shall be signed by such officer(s) or agent(s) of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

9.03 Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such depositories as the Board of Directors shall direct.

## ARTICLE X

### Records and Reports

10.01 Maintenance of Corporate Records. The Corporation shall cause to be kept:

- (a) Adequate and correct books and records of account; and

(b) Minutes in written form of the proceedings of its Board of Directors and committees of the Board.

All such records shall be kept by the Secretary of the Corporation at the Corporation's principal office, in the State of North Carolina.

10.02 Inspection of Articles of Incorporation and Bylaws. The Corporation shall keep at its principal office in the State of North Carolina, the original or a copy of its Articles of Incorporation and Bylaws as amended to date, which shall be open to inspection by the officers and Directors at all reasonable times during office hours.

10.03 Effective Date of the Bylaws. These Bylaws shall become effective upon their adoption. Amendments hereto shall become effective immediately on their adoption unless the Board of Directors in adopting amendments provide that the amendments are to become effective at some other date.

10.04 Inspection by Directors. Each Director shall have the absolute right at any reasonable time to inspect all books, records, and documents of every kind and the physical properties of the Corporation and each of its subsidiary corporations, if such exists. This inspection by a Director may be made in person or by an agent or attorney, and the right of inspection includes the right to copy and make extracts of documents.

10.05 Annual Report. The Board of Directors shall cause an annual report to be delivered to each Director within 120 days after the end of the Corporation's fiscal year. That report shall contain at least the following information, in appropriate detail, for the fiscal year:

(a) The assets and liabilities, including any trust funds, of the Corporation as of the end of the fiscal year.

(b) The principal changes during the fiscal year in assets and liabilities, including any trust funds, of the Corporation.

(c) The revenues or receipts of the Corporation during the fiscal year, including any trust fund, both unrestricted and restricted to particular purposes.

(d) The expenses or disbursements of the Corporation during the fiscal year, including any trust funds, for both general and restricted purposes.

The annual report shall be accompanied by any report on it of independent accountants or, if there is no such report, by the certificate of an authorized officer of the Corporation that such statements were prepared without audit from the Corporation's books and records.

10.06 Annual Statement of Certain Transactions and Indemnifications. No later than 120 days after the close of the Corporation's fiscal year, the Corporation shall deliver to each Director a statement of the amount and circumstances of any transaction or indemnification of the following kind:

(a) Any transactions(s) in which the Corporation, or if such exists, its parent or its subsidiary, was a party and in which any Director or officer of the Corporation, its parent or subsidiary, had a direct or indirect financial interest.

(b) Any indemnification or advances paid during the fiscal year to any officer or Director of the Corporation pursuant to Article VIII of these Bylaws.

## ARTICLE XI

### General Provisions.

11.01 Fiscal Year. The fiscal year of the Corporation shall be the year ending December 31, unless otherwise determined by the Board of Directors.

11.02 Amendments. Except as otherwise provided herein or by law, these Bylaws may be amended or repealed and new Bylaws may be adopted by the affirmative vote of a majority of the Directors then holding office at any regular or special meeting of the Board of Directors.

I, Catherine Morton, Secretary of GRANDFATHER MOUNTAIN STEWARDSHIP FOUNDATION, INC., do hereby certify that the foregoing are the Bylaws of GRANDFATHER MOUNTAIN STEWARDSHIP FOUNDATION, INC., adopted by the Initial Directors at the organization meeting held as of this date.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Corporation as of June 5, 2009.

Catherine Morton  
Secretary

(SEAL)