

## **Heritage Corporation**

### Article 1. Name

The name of the Corporation shall be "Heritage Corporation" (Hereinafter the "Corporation").

### Article 2. Purposes

This corporation is organized exclusively for charitable and educational purposes, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under Section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code.

Our specific work is to provide technical services and seed grants to museums worldwide so as to assist them in becoming viable and engaging community centers of education and cultural development.

### Article 3: Office

The registered office of the corporation shall be located at 63 Pattrell Road, Town of Norwich, State of Vermont. 11B V.S.A. § 5.02.

### Article 4: Members

Section 1. Membership. We do not choose to have members at this time.

### Article 5. Board of Directors

Section 1. Powers. The business and affairs of the corporation shall be managed by the board of directors. 11B V.S.A. § 8.01. The board may appoint committees for any purpose, including an executive committee that may exercise any of the authority of the board. 11B V.S.A. § 8.25.

Section 2. Number, Tenure, and Qualifications. The board of directors of the Corporation shall consist of between three and fifteen members. The Directors shall be elected by the Board at the annual meeting. The Directors shall be divided into three classes, equal numerically as nearly as may be, and they shall be so arranged that the

membership of the respective classes shall expire in succeeding years. At the first election of Directors after the adoption of this provision, the three classes of Directors shall be elected to terms of office of one, two and three years respectively. Thereafter, except as otherwise provided herein, each Director shall hold office until the third annual meeting following his or her election and until a successor shall have been elected and qualified, or until earlier death or resignation. Directors do not have to be residents of Vermont. 11B V.S.A. § 8.02& 8.04.

Section 3. Regular meetings. The annual meeting of the Board of Directors shall be held on the second to fourth Friday of March and in each year, beginning at 9:00 o'clock A.M. for the purpose of electing directors and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday in Vermont, such meeting shall be held on the next succeeding business day. If the election of directors is not held on that day, the board of directors shall call a special meeting of the members as soon thereafter as is convenient. The meeting shall be held at the registered office, unless some other place is specified in the annual meeting notice. It shall be held in Vermont. The board of directors may provide, by resolution, the time and place for holding additional regular meetings without other notice than such resolution. Additional regular meetings shall be held at the principal office of the corporation in the absence of any designation in the resolution. Participation by a conference call is permitted. 11B V.S.A. § 8.20.

Section 4. Special Meetings. Special meetings of the board of directors may be called by or at the request of the president or any two directors, and shall be held at the principal office of the corporation or at such other place as the directors may determine. 11B V.S.A. § 8.20.

Section 5. Notice. Notice of any special meeting shall be given at least forty-eight (48) hours before the time fixed for the meeting, by written notice delivered personally or mailed to each director at his business address, or by fax or by e-mail.

If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid, not less than three days prior to the commencement of the above-stated notice period. Any director may waive notice of any meeting.

The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be

transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting. 11B V.S.A. § 8.22& 8.23.

Section 6. Quorum. A majority of the number of directors fixed in these bylaws shall constitute a quorum for the transaction of business. Participation by conference call and web-based technology is permitted. Such parties count toward the quorum and can vote in the meeting. The Board may designate future technologies as acceptable. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors. Any action consented to in writing by each and every director shall be as valid as if adopted by the board of directors at a duly warned and held meeting of the board, provided such written consent is inserted in the minute book. 11B V.S.A. § 8.24.

Section 7. Voting. Any action that is proper for a special meeting may be conducted by written consent in lieu of a meeting. 11B V.S.A. § 8.21.

Section 8. Removal of absent directors. Directors missing three consecutive regular meetings without approval of the President are deemed removed. 11B V.S.A. § 8.08.

Section 9. Vacancies. Any vacancy occurring in the board of directors may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the board of directors. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. 11B V.S.A. § 8.11.

Section 10. Fees. There are no fees at this time. The board of directors shall establish the annual membership fee and other fees as needed to be assessed from the members, if there are members.

Section 11. Rules. Meetings of the board of directors shall be presided over by the President of the board, or in his or her absence, if no such person has been designated, or in his or her absence, a chairperson chosen by a majority of the directors present at the meeting. The secretary of the corporation shall act as secretary of all meetings of the board, provided that, in his or her absence, the presiding officer shall appoint another person to act as secretary of the meeting. We shall follow the Robert's Rules insofar deemed necessary. Robert's Rules of Order, Newly Revised (1990). 11B V.S.A. § 2.06(b).

## Article 6. Officers

Section 1. Number. The officers of the Corporation shall be a president, vice-president, secretary, and a treasurer, each of whom shall be elected by the board of directors. Any two or more officers may be held by the same person, except the offices of president and secretary. 11B V.S.A. § 8.40.

Section 2. Election and Term of Office. The officers of the Corporation shall be elected annually at the first meeting of the board of directors held on the last Tuesday in March. If the election is not held at such meeting, such election shall be held as soon as possible thereafter as is convenient. Each officer shall hold office until his or her successor has been duly elected and qualified or until his or her death, resignation, or removal in the manner hereinafter provided. 11B V.S.A. § 2.06(b).

Section 3. Removal. Any officer or agent elected or appointed by the board of directors may be removed by the board of directors whenever in its judgment the best interests of the corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer shall not of itself create contract rights.

Section 4. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the board of directors for the unexpired portion of the term.

Section 5. Powers and Duties. The powers and duties of the several officers shall be as provided from time to time by resolution or other directive of the board of directors. In the absence of such provisions, the respective officers shall have the powers and shall discharge the duties associated with such offices. The secretary shall prepare minutes of all meetings of the members and the board, and shall authenticate the records of the corporation upon request. 11B V.S.A. § 8.40.

The salaries of the officers may be fixed from time to time by the board of directors, and no officer shall be prevented from receiving such salary by reason of the fact that he or she is also a director of the corporation. There shall be no right to a salary and a salary may not be paid unless the board of directors so orders.

## Article 7. Contracts, Loans, Checks, and Deposits

Section 1. Contracts. The board of directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific business.

Section 2. Loans. No loans shall be contracted on behalf of the Corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the board of directors. Such authority may be general or confined to specific instances.

Section 3. Checks, Drafts, or Orders. All checks, drafts, or other orders for the payment of money, notes, or other evidences of indebtedness shall be signed by such officer or officers, agent or agents of the Corporation and in such manner as from time to time shall be determined by resolution of the board of directors.

Section 4. Deposits. All funds of the Corporation not otherwise employed 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 shall select.

## Article 8. Fiscal Year

The fiscal year of the Corporation shall be January 1 to December 31.

## Article 9. Waiver of Notice

Whenever any notice is required to be given to any director of the corporation under the provisions of law or these bylaws, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

## Article 10. Amendments

These bylaws may be altered, amended, or repealed, and new bylaws may be adopted by the board of directors at any regular or special meeting of the board; provided, however, that the number of directors shall not be increased or decreased nor shall the provisions of Article 4, concerning the members, be substantially altered without the prior approval of two-thirds of the members. 11B V.S.A. § 2.06.

## Article 11. Books and Records

The corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its members, board of directors and committees having and exercising any of the authority of the board of directors, and shall keep at the principal office a record giving the names and addresses of the members entitled to vote. All books and records of the corporation may be inspected by any member, or his agent or attorney, for any proper purpose at any reasonable time.

## Article 12. Dissolution or Sale of Assets

A two-thirds vote of the membership shall be required to sell or mortgage assets of the corporation not in the regular course of business or to dissolve the corporation. 11B V.S.A. § 12.02 & 14.02. Upon dissolution of the corporation, any assets remaining after payment of or provision for its debts and liabilities shall, consistent with the purposes of the organization, be paid over to charitable organizations exempt under the provisions of Section 501(c)(3) of the U.S. Internal Revenue Code or corresponding provisions of subsequently enacted federal law. No part of the net assets or net earnings of the corporation shall inure to the benefit of or be paid or distributed to an officer, director, member, employee, or donor of the organization.

## Article 13. Conflict of Interest

Section 1. General. The purpose of this conflict of interest policy is to protect this tax-exempt corporation's interests when it is contemplating entering into a transaction or an arrangement that might benefit the private interest of an officer or a director of the corporation or any "disqualified person" as defined in Section 4958(f)(1) of the Internal Revenue Code and as amplified by Section 53.4959-3 of the IRS Regulations and which might result in a possible "excess benefit transaction" as defined in Section 4958(c)(1)(A) of the Internal Revenue Code and as amplified by Section 53.4858 of the IRS Regulations. 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.

### Section 2. Definitions.

A. Interested Persons. Any director, principal officer, member of a committee with governing board delegated powers, or any person

who is a “disqualified person” as defined in Section 4958(f)(1) of the Internal Revenue Code and as amplified by Section 53.4958-3 of the IRS Regulations, 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 any entity with which the corporation has a transaction arrangement,
2. A compensation arrangement 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, or compensation arrangement with, any entity or individual with which the corporation is negotiating a transaction 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 Section 3, paragraph B, 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.

### Section 3. Conflict of Interest Avoidance Procedures.

- A. 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.
- 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/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.

- C. Procedures for Addressing the Conflict of Interest. 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.

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.

After exercising due diligence, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the corporation's best interest, 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.

- D. Violations of the Conflicts of Interest Policy. 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.

Section 4. Records of Board and Board Committee Proceedings. The minutes of meetings of the governing board and all committees with board delegated powers 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 governing board's or committee's decision as to whether a conflict of interest in fact existed.
- 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 with the proceedings.

## Section 5. Compensation Approval Policies.

A voting member of the governing board who receives compensation, directly or indirectly, from the corporation for services is precluded from voting on matters pertaining to that member's compensation.

A voting member 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.

No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the corporation, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

When approving compensation for directors, officers and employees, contractors and any other compensation contract or arrangement, in addition to complying with the conflict of interest requirements and policies contained in the preceding and following sections of this article, as well as the preceding paragraphs of this section of this article, the board or a duly constituted compensation committee of the board shall also comply with the following additional requirements and procedures:

- A. the terms of compensation shall be approved by the board or compensation committee prior to the first payment of compensation,
- B. all members of the board or compensation committee who approve compensation arrangements must not have a conflict of interest with respect to the compensation arrangement as specified in IRS Regulation Section 53.49858-3 of the IRS Regulations):
  1. is not the person who is the subject of the compensation arrangement, or a family member of such person;
  2. is not in an employment relationship subject to the direction or control of the person who is the subject of the compensation arrangement

3. does not receive compensation or other payments subject to approval by the person who is the subject of the compensation agreement
  4. has no material financial interest affected by the compensation arrangement; and
  5. does not approve a transaction providing economic benefits to the person who is the subject of the compensation arrangement, who in turn has approved or will approve a transaction providing benefits to the board or committee member.
- C. the board or compensation committee shall obtain and rely upon appropriate data as to comparability prior to approving the terms of compensation. Appropriate data may include the following:
1. compensation levels paid by similarly situated organizations, both taxable and tax-exempt, for functionally comparable positions. "Similarly situated" organizations are those of a similar size, purpose and with similar resources.
  2. the availability of similar services in the geographic area of this organization.
  3. current compensation surveys compiled by independent firms.
  4. actual written offers from similar institutions competing for the services of the person who is the subject of the compensation arrangement

As allowed by IRS Regulation 4958-6, if this organization has annual gross receipts (including contributions) for its three prior tax years of less than \$1 million, the board or compensation committee will have obtained and relied upon appropriate data as to comparability if it obtains and relies upon data on compensation paid by three comparable organizations in the same or similar communities for similar services.

- D. the terms of compensation and the basis for approving them shall be recorded in written minutes of the meeting of the board or compensation committee that approved the compensation. Such documentation shall include:

1. the terms of the compensation arrangement and the date it was approved
2. the members of the board or compensation committee who were present during debate on the transaction, those who voted on it, and the votes cast by each board or committee member
3. the comparability data obtained and relied upon and how the data was obtained
4. if the board or compensation committee determines that reasonable compensation for a specific position in this organization or for providing services under any other compensation arrangement with this organization is higher or lower than the range of comparability data obtained, the board or committee shall record in the minutes of the meeting the basis for its determination.
5. if the board or committee makes adjustments to comparability data due to geographic area or other specific conditions, these adjustments and the reasons for them shall be recorded in the minutes of the board or committee meeting.
6. any actions taken with respect to determining if a board or committee member had a conflict of interest with respect to the compensation arrangement, and if so, actions taken to make sure the member with the conflict of interest did not affect or participate in the approval of the transaction (for example, a notation in the records that after a finding of conflict of interest by a member, the member with the conflict of interest was asked to, and did, leave the meeting prior to a discussion of the compensation arrangement and a taking of the votes to approve the arrangement).
7. the minutes of board or committee meetings at which compensation arrangements are approved must be prepared before the later of the date of the next board or committee meeting or 60 days after the final actions of the board or committee are taken with respect to the approval of the compensation

arrangements. The minutes must be reviewed and approved by the board and committee as reasonable, accurate, and complete within a reasonable period thereafter, normally prior to or at the next board or committee meeting following final action on the arrangement by the board or committee.

Section 6. 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:

- 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 the corporation is charitable and in order to maintain its federal exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Section 7. Periodic Reviews. To ensure the corporation 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:

- a. whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's-length bargaining.
- b. whether partnerships, joint ventures, and arrangements with management organizations conform to the corporation'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.

Section 8. Use of outside experts. When conducting the periodic reviews as provided for in Section 7, the corporation 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.

Article 14. Committees. In its discretion the Board from time to time may elect or appoint, from its own members, an Executive Committee or such other committee or committees as the Board may see fit to establish. Each such committee shall consist of two or more Directors, and each shall have and may exercise such authority and perform such functions as the Board by resolution may prescribe within the limitations imposed by law.

Article 15: Indemnification.

Section 1. General. Except as otherwise specifically prohibited by law, the corporation shall indemnify and hold harmless any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he or she is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as director, officer, employee or agent of other enterprise, against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding if he or she acted in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding, judgment, order, settlement, conviction, or on a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in a manner which he reasonably believed to be in, or not opposed to, the best interests of the corporation, and with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. Insurance. The corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation, as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against him and incurred by such, whether or not the corporation would have the power to indemnify him or her against such liability under the provisions of this Article.

