

BY-LAWS
OF THE
SPRING LAKE BUSINESS DEVELOPMENT CORPORATION

A New Jersey Non-Profit Corporation

ARTICLE I
NAME AND PRINCIPAL OFFICE OF THE CORPORATION

1.01 Name. The name of this corporation shall be: Spring Lake Business Development Corporation, a New Jersey Non-Profit Corporation (hereinafter referred to as the "Corporation").

1.02 Offices. The principal office of the Corporation shall be located at such location or locations in Spring Lake, New Jersey as the Board of Directors may hereafter designate.

ARTICLE II
PURPOSE AND POWER

2.01 Purposes. The Corporation shall:

(a) serve the special improvement district identified in Exhibit "A" of these By-laws (the "District"), the Spring Lake downtown business community and the Borough of Spring Lake (the "Borough") to formulate, promote and implement the economic revitalization and general welfare of the District and the Borough;

(b) promote and preserve the cultural, historic, tourist and civic interests of the District and the Borough;

(c) mobilize available public and private resources for these purposes;

(d) provide a mechanism by which service firms, retail establishments, property owners, employers, citizens, and others can cooperate to promote business opportunities, employment, consumer choices, shopper's facilities, and the general civic interests;

(e) aid, work with, and participate in the activities of other organizations, individuals and public and private entities within an outside the Borough engaged in similar activities; and

(f) not: (i) carry on propaganda or otherwise attempt to influence legislation; (ii) engage in any transaction or permit any act or omission which shall operate to deprive it of its tax-exempt status under Section 501(c)(3) of the Internal

Revenue Code, as amended (the "Code"); (iii) in any manner, or to any extent, participate in, or intervene in (including the publishing or distribution of statements), any political campaign on behalf of any candidate for public office; or (iv) engage in any "prohibited transaction" as defined in Section 503(b) of the Code.

2.02 Powers. The Corporation shall have such powers as are now or may hereafter be granted under the Borough of Spring Lake General Ordinance No. __ (the "Enabling Ordinance"), any amendment or successor ordinance thereof/thereto, and the laws of New Jersey that are in furtherance of the Corporation's exempt purposes within the meaning of Section 501(c)(3) of the Code or the corresponding section of any future federal tax code.

ARTICLE III MEMBERS AND BOARD OF DIRECTORS

3.00 Interim Board of Directors. The twenty-one (21) interim members of the Board of Directors shall serve until the first annual meeting of the Membership as provided for in Section 3.05.

3.01 Membership. All property owners and commercial tenants of assessed properties within the District shall be members of the Corporation. Except as otherwise provided in these By-laws, members shall elect the Board of Directors and may serve on committees. For the purpose of maintaining a list of Corporation members, the Corporation shall maintain a list of assessed property owners based upon the Borough's then current property ownership roll, and a list of tenants of assessed properties registered with the Corporation.

3.02 Board of Directors. The business of the Corporation shall be managed by a Board of Directors consisting of twenty-one (21) directors. The policies, activities, and affairs of the Corporation shall be determined and managed by the Board of Directors who shall exercise all the powers of the Corporation and shall keep full and fair accounts of all of its transactions, and formulate and approve the yearly budget of the Corporation.

3.03 Composition of Board of Directors. The Board of Directors shall be comprised of the following Directors:

- (a) A member of the Borough governing body, to be called the "Borough Director";
- (b) Four persons who are owners of commercial real estate in the RC Zone, or officials of a corporation or entity owning commercial real estate in the RC Zone, to be called the "RC Zone Owner Directors";
- (c) Four persons who operate a retail business in the RC Zone to be called the "RC Zone Business Directors";

(d) Two persons who operate a service or professional business within the district to be called the "Service Business Directors";

(e) One person who owns commercial property or operates a retail, service or professional business within the district but not in the RC Zone to be called the "General Business Director";

(f) Two persons who operate a restaurant, food, or dining experience business within the district to be called the "Dining Directors";

(g) Two unrelated residents of the district who are neither owners of commercial property within the district nor owners or operators of a business within the district, to be called the "Residential Directors";

(h) One person who shall be an owner resident of the Borough, the owner of commercial property within the district or the operator of a business or profession within the district, to be appointed by the Greater Spring Lake Chamber of Commerce, to be called the "Chamber of Commerce Director";

(i) One person who shall be an owner resident of the Borough, the owner of commercial property within the district or the operator of a business or profession within the district, to be appointed by the Spring Lake Merchants Association, to be called the "Merchants Association Director"

(j) One person who shall be an owner resident of the Borough, the owner of a bed and breakfast within the district, to be appointed by Spring Lake Bed and Breakfast Association, to be called the "Bed and Breakfast Director";

(k) One person, who shall be a member, trustee or employee of a cultural organization that serves Spring Lake and is formally designated by that organization as its representative, to be called the "Cultural Director", and

(l) One person, who shall be a member, trustee or employee of a historic preservation organization that serves Spring Lake and is formally designated by that organization as its representative, to be called the "Preservation Director".

3.04 Term of Office. The Borough Director shall, at all times, be appointed by the Spring Lake Borough Governing Body annually (the "Borough Governing Body") and shall serve for a one (1) year term. The Chamber of Commerce Director shall, at all times, be appointed by the Greater Spring Lake Chamber of Commerce (the "Chamber") or its successor and may be removed or replaced, with or without cause, at any time, by the Chamber. The Merchants Association Director shall, at all times, be appointed by the Spring Lake Merchants Association or its successor and may be removed or replaced, with or without cause, at any time, by the Association. The Bed and Breakfast Director shall, at all times, be appointed by the Spring Lake Bed and Breakfast Association or its successor and may be removed or replaced, with or without cause, at any time, by the

Association. The Cultural Director shall, at all times, be appointed by the Board of Trustees of the Community House or its successor and may be removed or replaced, with or without cause, at any time, by the Board of Trustees of the Community House. The Preservation Director shall, at all times, be appointed by the Spring Lake Historic Society and the Spring Lake Preservation Alliance or their successors and may be removed or replaced, with or without cause, at any time, by the Spring Lake Historic Society and the Spring Lake Preservation Alliance.

The terms of the initial elected members to the Board of Directors shall be as follows:

One RC Zone Owner Director, One RC Zone Business Director, One Service Business Director, One Dining Director and One Residential Director shall be elected for a one year term. One RC Zone Owner Director, One RC Zone Business Director, One Service Business Director, One General Business Director, and One Residential Director shall be elected for a one year term shall be elected for a two (2) year term, and all other Directors shall be elected for a three (3) year term. The terms of the members of the initial elected Board of Directors shall be deemed to have commenced on September 1, 2008.

Upon the expiration of the terms of the initial elected members of the Board of Directors, the terms of subsequent elected members of the Board of Directors shall be three (3) year terms (except the Borough Directorate). Terms shall commence on September 1 and expire on August 31.

A Director shall serve until such time that his or her successor has been duly elected and installed as a Director of the Corporation.

3.05 Election of Directors. All RC Zone Owner Directors, RC Zone Business Directors, Service Business Directors, Dining Directors Residential Directors and the General Business Directors shall be elected by a majority vote of the members of the Corporation voting in person or by proxy at the Annual Meeting of the Corporation. The Annual Meeting of the Corporation shall be held on or about the second Thursday in the month of August of each year. The Secretary of the Board of Directors shall cause to be mailed to every member of the Corporation at his/her address as it appears on the membership roll book of the Corporation, a notice stating the time and place of each Annual Meeting, not less than thirty (30) days prior to the date of the meeting. Each voting member shall cast no more than one (1) vote for each member of the Board of Directors (straight voting).

3.06 Recommendation of Removal of Directors.

(a) At any meeting of the directors, duly called and at which a quorum is present the Directors may, by an affirmative vote of three quarters (3/4) of the Directors then in office, remove, with or without cause, any elected from office.

(b) Within the definition of "cause," for the purposes of recommending the removal of a Director, shall be the failure of a director to attend three (3) consecutive regular meetings or the failure to attend at least forty (40%) percent of the regularly scheduled meetings of the Board of Directors during a one (1) year period, without just cause.

(c) Vacancies occurring in the Board of Directors with regard to the removal, resignation or retirement of any elected director shall be filled by a majority vote of the Board of Directors members present. A director appointed to fill a vacancy of a director shall be appointed to hold office for the unexpired term of his or her predecessor.

3.07 Meetings.

(a) The Annual Meeting of the directors shall be held on such date in the month of August of each year as the Board of Directors shall determine. The Secretary shall cause to be mailed to each director at his or her address a notice stating the time and place of the Annual Meeting.

(b) Regular meetings of the Board of Directors shall be held at least four (4) times per year, as scheduled at any directors' meeting by the directors, and no additional notice of place, day and hour of regularly scheduled meetings need to be given to any director.

(c) At the initial meeting of the Board of Directors, officers shall be elected to serve until the first annual meeting of the Board of Directors.

(d) Officers elected at the respective initial or annual meetings shall take office effective immediately upon election.

(e) Special meetings of the Board of Directors may be called by the Chairperson of the Board of Directors (the "Chairperson") or any five (5) directors. Notice of the place, day and hour of such special meeting shall be given to each director not more than thirty (30) days nor less than five (5) days before the meeting, by delivering the same at his or her residence or usual place of business, or by contacting him or her by telephone. Any notice of a special meeting shall state the business to be transacted.

(f) Any notice required by these By-laws or by the New Jersey Non-profit Corporation Act may be waived in writing by any person entitled to notice. The waiver or waivers may be executed either before or after the event with respect to which notice is waived. Each director attending a meeting without protesting, prior to its conclusion, the lack of proper notice, shall be deemed conclusively to have waived notice of the meeting.

(g) Any director may vote and otherwise participate in a meeting of the Board of Directors by means of a telephone conference call or any other means of communication by which all persons participating in the meeting are able to hear each other. A director so participating in a meeting of the Board of Directors shall be counted for quorum purposes.

3.08 Quorum. Ten (10) Directors shall constitute a quorum for the transaction of business. Except in cases in which it is by statute, by the Certificate of Incorporation, or by the By-laws otherwise provided, the vote of a majority of such quorum at a duly constituted meeting shall be sufficient to pass any measure. In the absence of a quorum, the directors present by a majority vote and without notice other than by announcement may adjourn the meeting from time to time until a quorum shall attend. At any such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally notified. Directors may not vote by proxy.

3.09 Compensation. Directors shall not receive any compensation for their services as such, but by resolution of the Board of Directors, individual directors may be reimbursed for any actual expenditures which may be incurred while engaged in the Corporation's business.

ARTICLE IV COMMITTEES

4.01 Committees, Generally. By resolution adopted by a majority of Directors, at which a quorum is present, the Board of Directors may provide for such standing or special committees with such powers and duties as it deems desirable and may discontinue the same at its pleasure. The members of all such committees shall be appointed and the committee chairman named by the Chairman and may be removed by the Chairman or the Board of Directors with or without cause. At least one member of each standing or special committee shall be a member of the Board of Directors; the remaining members of such committees may but need not be members of the Board of Directors. Each committee shall keep full and fair accounts of its transactions and accurate minutes of its meetings. Vacancies on any committee shall be filled by the Chairman or his or her designee. The Chairman of the Board of Directors shall be an ex-officio member of all committees.

4.02 Committee Reports. All recommendations by a committee shall be reported in writing to the Board of Directors.

4.03 Meetings of Committees. Each committee shall meet at the call of the chairman of the committee, the director member of the committee, or any four (4) members of the committee.

4.04 Participation in Committees. In selecting members of committees, the Board of Directors shall encourage widespread participation among members of the

business community within the District and others concerned about the purposes of the Corporation. From time to time, special committees may be named to advise the Board of Directors on issues on which additional perspective may be required and public meetings may be held to solicit advice from those concerned about the economic well-being of the District.

4.05 District Management Advisory Committee. Upon resolution of the Board of Directors, the Directors may appoint a District Management Advisory Committee of not more than twenty-five (25) members. The District Management Advisory Committee shall assist the Board of Directors by providing advice to the Board of Directors in development of the annual program, plan and budget for the Corporation, and shall provide ongoing advice and counsel to the Board of Directors as requested by the Board of Directors. The Board of Directors, by resolution, shall provide for the term of office and manner of appointment of the members of the District Management Advisory Committee.

ARTICLE V OFFICERS

5.01 Executive Officers. By a majority vote of Directors, present at a quorum, the Board of Directors, at each Annual Meeting, shall elect a Chairman, a Vice Chairman, a Treasurer, a Secretary and an Assistant Secretary to serve for one (1) year terms. By a majority vote of the Directors, present at a quorum, the Board of Directors shall appoint other subordinate officers as it may desire either from within or without its membership, also to serve for one (1) year terms. Any two or more of the above mentioned officers, except those of Chairman and Secretary, may be held by the same person provided that no officer shall execute, acknowledge or verify any instrument in more than one capacity. The Executive Officers shall serve as the Executive Committee.

5.02 Chairman and Vice Chairman.

(a) The Chairman shall preside at all meetings of the Board of Directors at which he or she shall be present. He or she shall have and may exercise such powers as are from time to time assigned to him or her by the Board of Directors. The Chairman shall serve as an ex-officio member of all committees.

(b) The Vice Chairman, at the request of the Chairman, or in his or her absence, or during his or her inability to act, shall perform the duties and exercise the functions of the Chairman, and when so acting shall have such other duties as may be assigned to him or to her by the Chairman.

(c) The Chairman shall have general charge and supervision of the activities and affairs of the Corporation; when authorized by the Board of Directors, he or she may sign and execute in the name of the Corporation, all authorized instruments, except in cases in which the signing and execution thereof shall have

been expressly delegated by resolution of the Board of Directors to some other officer or agent of the Corporation.

5.03 Chief Executive Officer. The Chairman shall be the Chief Executive Officer of the Corporation. He or she shall perform all duties incident to the office of a chief executive of a Corporation and such other duties as, from time to time, may be assigned to him by the Board of Directors.

5.04 Secretary. The Secretary shall (i) keep the minutes of the meetings of the Board of Directors in books provided for such purposes, (ii) see that all notices are duly given in accordance with the provisions of the By-laws or as required by law, (iii) be custodian of the records of the Corporation, (iv) see that the corporate seal is affixed to all documents which require said seal and which he or she has been authorized to execute on behalf of the Corporation and when so affixing may attest to the same, and (v) in general, perform all duties as, from time to time, may be assigned to him or to her by the Board of Directors or the Chairman.

5.05 Treasurer. The Treasurer shall have charge of and be responsible for all funds, securities, receipts, and disbursements of the Corporation, and shall deposit or cause to be deposited in the name of the Corporation all monies and other valuable effects in such bank, or other depositories as shall, from time to time, be selected by the Board of Directors. Whenever requested, he or she shall provide an account of the financial condition of the Corporation, and, in general, shall perform all duties incident to the office of a treasurer of a corporation and such other duties as may be assigned to him or to her by the Board of Directors or the Chairman.

5.06 Subordinate Officers. The Board of Directors may from time to time appoint such subordinate officers as it may deem desirable. Each such officer shall perform such duties as the Board of Directors or the Chairman may prescribe.

5.07 Personnel. The Board of Directors may hire and/or retain an Executive Director, administrator, manager, staff and/or consultants as necessary to achieve the purposes of the Corporation.

5.08 Compensation. Officers of the Corporation shall not receive any compensation for their services as such, but by resolution of the Board of Directors, individual officers may be reimbursed for any actual expenditures which may be incurred while engaged in the Corporation's business.

ARTICLE VI DISSOLUTION

Upon the dissolution of the Corporation, assets shall be distributed for one or more exempt purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose. Any

such assets not so disposed of shall be disposed of by a court of competent jurisdiction of Monmouth County, exclusively for such purposes or to such organization or organizations, as said Court shall determine, which are organized and operated exclusively for such purposes.

ARTICLE VII INDEMNIFICATION

7.01 Definitions. For purposes of this Article VII, all definitions set forth in N.J.S.A. 15A:3-4, as amended from time to time, shall apply.

7.02 Indemnification. Each corporate agent of the Corporation shall be indemnified by the Corporation to the full extent permitted by N.J.S.A. 15A:3-4, as amended from time to time, in connection with any action, suit or proceeding to which he or she may be a party by reason of his or her being or having been a corporate agent of the Corporation. Such indemnification shall include, without limitation, indemnification against the actual amount of net loss including counsel fees, reasonably incurred by or imposed upon him or her in connection with such action, except as to matters for which he or she shall be ultimately found in such action to be liable for gross negligence or willful misconduct. In the event of any settlement of such a case, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Corporation is advised by counsel that the person to be indemnified had not been guilty of gross negligence or willful misconduct.

7.03 Insurance. Any corporate agent may be insured by insurance purchased and maintained by the Corporation against any expenses incurred in any such proceeding and any liabilities asserted against the corporate agent in the capacity as corporate agent, whether or not the Corporation would have the power to indemnify such corporate agent under N.J.S.A. 15A:3-4, as amended.

ARTICLE VIII FINANCES

8.01 Checks. Except as the Board of Directors may generally or in a particular case authorize the execution thereof in some other manner, all checks, drafts and other instruments for the payment of money and all instruments of transfer of securities shall be signed in the name and on behalf of the Corporation by the Chairman and one other officer as authorized by the Board of Directors.

8.02 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.

8.03 Contributions. The Board of Directors may accept on behalf of the Corporation any contribution, gift, bequest or devise for the general purposes or for any special purpose of the Corporation followed by proper acknowledgment.

8.04 Budget. Each year, the Board of Directors, by an affirmative vote of a majority of the Directors then in office, shall approve and adopt the Corporation's Annual Budget (which shall consist of, among other things, an estimate of the cost of operating, maintaining and annually improving the District) for the next fiscal year. The Annual Budget shall be reasonably itemized and shall include a summary of the categories of cost properly chargeable in accordance with N.J.S.A. 40:56-80. The Borough Administrator, with the assistance of the Corporation, shall report the Annual Budget to the Borough Governing Body for approval.

8.05 Investments. The Corporation shall have the right to retain all or any part of any securities or property acquired by it, and to invest and reinvest any funds or property held by it, in the discretion of the Board of Directors, without being restricted to the class of investments which a director is or may hereinafter be permitted by law to make and without regard to any similar restriction; provided, however, that the Corporation shall not:

- (a) accumulate its income if any such accumulations are unreasonable in amount or duration in order to carry out the charitable, scientific, educational or public purposes for which it is organized, or
- (b) use any such accumulated income for purposes or functions other than the charitable, scientific, educational and public purposes for which it is organized, or
- (c) invest any such accumulated income in such a manner as to jeopardize the carrying out of the charitable, scientific, educational or public purposes for which it is organized.

8.06 Loans by Corporation. The Corporation shall not lend any part of its assets, property or income to any incorporator, director or officer of, or any substantial contributor to, the Corporation, to any member of the family of any such person or to any corporation controlled by any such person; nor shall the Corporation pay any compensation in excess of a reasonable allowance for salaries or other compensation for personal services actually rendered to any such persons or corporations; nor shall the Corporation make any substantial purchase of securities or other property from any such persons or corporations for other than an adequate consideration in money or money's worth; nor shall the Corporation engage in any other transaction which results in substantial diversion of its assets, property or income to any such persons or corporations.

8.07 Capital Stock of Corporation. The Corporation shall not have capital stock, and no stock or shares shall be issued. No incorporator, director or officer shall at any time be considered to be the owner of any of the assets, property or income of the Corporation, nor shall he or she, by distribution, liquidation, dissolution, or in any manner, be entitled to or receive any said assets, property or income, all of which shall be devoted exclusively and forever to the purposes of the Corporation or disposed of as

herein provided. The Corporation is not organized and shall not operate for profit, and no part of its net earnings shall inure or may lawfully inure to the benefit of any incorporator, director, officer or individual. The above provisions, however, shall not prevent the payment of reasonable compensation to any person, organization, firm or corporation for services rendered to the Corporation.

8.08 Distributions. The Corporation shall distribute its income for each taxable year at such time and in such manner as not to subject the Corporation to the tax provided by Section 4942 of the Code. The Corporation shall not engage in any act of self-dealing as defined in Section 4941(d) of the Code, shall not retain any excess business holdings as defined in Section 4943(c) of said Code, and shall not make any taxable expenditures as defined in Section 4945(d) of said Code. The references herein to the Code shall include regulations issued thereunder and the corresponding provision of subsequent United States Internal, Revenue laws and regulations. None of the property of the Corporation shall be distributed directly or indirectly to any director or officer of the Corporation except in fulfillment of its charitable and educational purposes enumerated herein.

8.09 Annual Reports. There shall be prepared annually, a full and correct statement of the affairs of the Corporation, including a balance sheet and statement of operations for the preceding fiscal year audited and certified by an independent Certified Public Accountant, which shall be completed and filed with the Board of Directors within four (4) months after the close of the fiscal year of the Corporation. The Corporation shall also cause an Annual Report to be prepared by the Chairman or such other executive officer of the Corporation as may be designated by the Board of Directors which shall detail the activities of the Corporation in the preceding year and within thirty (30) days after the close of each fiscal year, same shall be filed with the Borough Governing Body.

ARTICLE IX MISCELLANEOUS

9.01 Fiscal Year. The fiscal year of the Corporation shall be the year ending December 31st, unless otherwise provided by the Board of Directors, by resolution.

9.02 Seal. The Board of Directors shall provide a suitable seal, bearing the name of the Corporation, which shall be in the custody and charge of the Secretary.

9.03 Bonds. The Board of Directors may require any officer, agent or employee of the Corporation to give a bond to the Corporation conditioned upon the faithful discharge of his or her duties with one or more sureties and in such amount as may be satisfactory to the Board of Directors.

9.04 Amendments. A motion to amend, alter, repeal or enact a new By-law may be introduced, considered and discussed, but not voted on, at any meeting of the Board of Directors, provided that notice of such meeting was given to each director, by

certified mail, no more than thirty (30) days nor less than ten (10) days prior to such meeting and such notice included a full written statement of the exact language of the motion and the time, place and date of the meeting when the motion will be introduced. Provided the above said motion is duly seconded, the Chairman shall fix and announce a subsequent meeting date of the Membership within a reasonable number of days when the motion shall be brought to a vote before the Membership.

By a petition signed by twenty-five (25%) percent of the voting members a proposal to amend, alter, repeal or enact a new By-law may be brought before the Membership to be voted upon at the next Annual Meeting or Special Meeting called by the Board of Directors, provided that notice of such meeting is given to each member of the Corporation by regular mail, no more than sixty (60) days nor less than twenty-one (21) days prior to such meeting and such notice included a full written statement of the exact language of the proposed By-law amendment and the time, place and location of the meeting when the amendment will be voted upon.

An affirmative vote of the majority of the Members present and voting at such meeting shall be required to approve said motion. The procedures and notice requirements of this section shall apply irrespective of any contrary provisions which may be contained in these By-laws. No action shall be taken if it would in any way adversely affect the Corporation's qualifications under Section 501(c)(3) of the Code or corresponding sections of any prior or future law.

9.05 Robert's Rules of Order. Robert's Rules of Order (in its most recent edition) shall be the parliamentary authority for all matters of procedure not specifically covered by these By-laws or by other specific rules of procedure adopted by the directors of the Corporation.

9.06 Force and Effect of By-laws. These By-laws are subject to the provisions of the New Jersey Non-profit Corporation Act (the "Act"), the Enabling Ordinance and the Certificate of Incorporation of the Corporation, as they may be amended from time to time. If any provision in these By-laws is inconsistent with a provision of the Act, the Enabling Ordinance or the Certificate of Incorporation, the provision of the Act, the Enabling Ordinance or the Certificate of Incorporation shall govern to the extent of the inconsistency.

9.07 Voting by Members. Each commercial property within the District shall entitle the Owner thereof to one (1) vote; each Registered Business or Professional Operator is entitled to one (1) vote. No Property Owner shall be entitled to vote as a Business or Professional Operator. No Registered Business or Professional Operator shall be entitled to more than one (1) vote irrespective of control of multiple businesses or professional operations within the District.

9.08 Conflict of Interest. No employee of the Corporation may serve as a Voting Member of the Board of Directors. All contracts between the Corporation and a

Member of the Board shall be fully disclosed to the Board who shall approve same by majority vote of all the Members of the Board, excluding vacancies.