

**BY-LAWS
OF THE
SOUTHOLD LOCAL DEVELOPMENT CORPORATION**

ARTICLE I

MEMBER

Section 1. Member Authorized.

The sole member of the Corporation shall be the Town of Southold, New York (the "Town"). Actions on behalf of the Town as the sole member shall be taken by the Town Board or its designee, including but not limited to the Supervisor of the Town

Section 2. Meetings.

The annual meeting of the sole member shall be held for the transaction of business each year on such day as is determined by the Board of Directors. Special meetings of the sole member may be called at any time by the Executive Director, the Board of Directors or the sole member. All meetings of the sole member shall be held at the principal office of the Corporation, or such place or places within the Town of Southold, New York, as the Board of Directors may from time to time determine.

Section 3. Notice of Meetings.

(a) Written notice of each meeting of the sole member shall be given by the Board of Directors to the sole member, and shall state the place, date and hour of the meeting and, unless it is an annual meeting, shall also indicate that it is being issued by or at the direction of the person or persons calling the meeting. Notice of a special meeting of the sole member shall also state the purpose or purposes for which it is being called.

(b) A copy of the notice of any meeting of the sole member shall be given to the sole member, personally or by first class mail not less than ten (10) nor more than fifty (50) days before the date of the meeting, or by another class of mail not less than thirty (30) nor more than sixty (60) days before such date.

(c) Notice of a meeting of the sole member need not be given to any member of the Town Board or its designee, including the Supervisor of the Town, who submits a signed waiver of notice whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice.

ARTICLE II

BOARD OF DIRECTORS

Section 1. Power of Board and Qualification of Directors.

The Corporation shall be managed by its Board of Directors. Each director shall be at least eighteen years of age and qualified as set forth herein.

Section 2. Number of Directors and Term of Office:

(a) The Board of Directors shall be made up of not more than seven (7) nor fewer than three (3) directors as set forth in the Corporation's Certificate of Incorporation. There shall be five (5) initial directors, as set forth in the Corporation's Certificate of Incorporation. Directors shall have terms of three years, with the initial term of one initial director designated to expire on December 31, 2015, the initial terms of two directors designated to expire on December 31, 2016 and the initial terms of the two directors designated to expire on December 31, 2017. Members of the Town Board and other Town officers or personnel are eligible to serve as members of the Board of the Corporation. The term of additional directors (above five) shall expire on the December 31 of the year determined by the then-current Board of Directors, provided that the expiration of the terms of not more than two directors may not occur in any one calendar year unless there are seven directors, in which case the expiration of the terms of three directors may occur in one year of every three year period.

(b) Notwithstanding durations of the terms of directors set forth above, a director's term shall be extended until the earlier to occur of such director's (i) re-appointment to the Board of Directors, (ii) appointment of a replacement member to the Board of Directors, or (iii) resignation as a member of the Board of Directors.

(c) Board directors shall be elected by the existing Board of Directors in consultation with the Town Board. No new director shall be appointed to the Board until (i) approved at a duly called meeting of the Corporation by the majority of the then-current Board of Directors and (ii) approved by the Town Board.

(d) Each director shall have one vote.

Section 3. Organization.

At each meeting of the Board of Directors, the Chairman, or, in the absence of the Chairman, the Executive Director, shall preside, or in the absence of either of such officers, a chairman chosen by a majority of the directors present shall preside. The Secretary or an Assistant Secretary shall act as secretary of the Board of Directors. In the event the Secretary and each Assistant Secretary shall be absent from any meeting of the Board of Directors, the meeting shall select its secretary.

Section 4. Resignations and Removal of Directors.

Any director of the Corporation may resign at any time. Any director of the Corporation may be removed by action of the Town Board, with or without cause.

Section 5. Vacancies.

(a) Vacancies occurring for any reason with respect to any directors of the Board of Directors shall be filled by approval of the then-current Board of Directors subject to the approval of the Town Board.

(b) If the then-current Board of Directors fails to fill a vacancy on the Board such that

the number of directors is less than the minimum required, the Town Board may appoint new directors to fill any vacancies then existing for terms determined in accordance with Section 2(a).

Section 6. Action by the Board of Directors.

(a) Except as otherwise provided by law, the Certificate of Incorporation or these By-laws, the act of the Board of Directors means action at a meeting of the Board of Directors by vote of a majority of the directors present at the time of the vote, if a quorum is present at such time.

(b) To the extent permitted by law, any action required or permitted to be taken by the Board of Directors may be taken without a meeting if all members of the Board of Directors consent in writing to the adoption of a resolution authorizing the action. The resolution and the written consents thereto by the members of the Board of Directors shall be filed with the minutes of the proceedings of the Board of Directors.

(c) To the extent permitted by law, any one or more members of the Board of Directors may participate in a meeting of the Board of Directors by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

Section 7. Place of Meeting.

The Board of Directors shall hold its meetings at the principal office of the Corporation, or at such place or places within the Town of Southold as the Board of Directors may from time to time by resolution determine.

Section 8. Regular Meetings.

To the extent permitted by law, regular meetings of the Board of Directors may be held without notice at such times as may be fixed from time to time by resolution of the Board of Directors.

Section 9. Special Meetings.

Special meetings of the Board of Directors shall be held whenever called by the sole member, by the Executive Director or by a director. Notice shall be given orally, by e-mail, telefax, or first class mail and shall state the purposes, time and place of the meeting. If notice is given orally, in person or by telephone, it shall be given not less than one (1) day before the meeting; if it is given by e-mail or telefax, it shall be given not less than three (3) days before the meeting; if it is given by first class mail, it shall be given not less than five (5) days before the meeting.

Section 10. Waivers of Notice.

Notice of a meeting need not be given to any director who submits a signed waiver of notice whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice.

Section 11. Quorum.

(a) A majority of the entire Board of Directors shall constitute a quorum for the transaction of business.

(b) A majority of the directors present, whether or not a quorum is present, may adjourn any meeting to another time and place without notice to any director.

Section 12. Compensation.

Directors shall serve without compensation except they may be reimbursed for the expenses reasonably incurred by them in the performance of their duties.

Section 13. Annual Report.

The Board of Directors shall present at the annual meeting of the sole member a report certified by a firm of independent public accountants selected by the Board of Directors, showing in appropriate detail the following:

(a) The assets and liabilities, including the trust funds, of the Corporation as of the end of the twelve-month fiscal period terminating not more than six months prior to said meeting.

(b) The principal changes in assets and liabilities, including trust funds, during said fiscal period.

(c) The revenue or receipts of the Corporation, both unrestricted and restricted to particular purposes during said fiscal period.

(d) The expenses or disbursements of the Corporation for both general and restricted purposes, during said fiscal period.

This report shall be filed with the records of the Corporation and a copy thereof entered in the minutes of the proceedings of the annual meeting of the sole member.

ARTICLE III

OFFICERS

Section 1. Number.

The officers of the Corporation shall be a Chairman, an Executive Director, a Treasurer, a Secretary and such other officers as the Board of Directors may in its discretion determine. Any two or more offices may be held by the same person, except the offices of Chairman, Executive Director and Secretary. Officers may be directors (serving without compensation), full or part-time employees or professional consultants.

Section 2. Term of Office and Qualifications.

The officers whose titles are specifically mentioned in Section 1 of this Article III shall be elected by the Board of Directors at its annual meeting.

Section 3. Additional Officers.

Additional officers may be elected for such period, have such authority and perform such duties, either in an administrative or subordinate capacity, as the Board of Directors may from time to time determine.

Section 4. Removal of Officers.

Any officer may be removed by the Board of Directors with or without cause at any time.

Section 5. Resignation.

Any officer may resign at any time by giving written notice to the Board of Directors, or to the Executive Director or to the Secretary. Any such resignation shall take effect at the time specified therein, or, if no time be specified, then upon delivery.

Section 6. Vacancies.

A vacancy in any office shall be filled by the Board of Directors.

Section 7. Chairman.

The Chairman shall preside at all meetings of the sole member and of the Board of Directors at which the Chairman is present.

Section 8. Executive Director.

The Executive Director shall act as the chief executive officer of the Corporation and shall supervise generally the management of the affairs of the Corporation subject only to the supervision of the Board of Directors. The Executive Director shall also perform such other duties as may be assigned from time to time by the Board of Directors. In the absence or incapacity to act of the Executive Director, or if the office of Executive Director be vacant, an acting Executive Director designated by a majority of the then serving directors shall perform the duties and exercise the powers of the Executive Director, subject to the right of the Board of Directors from time to time to extend or confine such powers and duties or to assign them to others. The acting Executive Director shall have such powers and shall perform such other duties as may be assigned by the Board of Directors or the Executive Director.

Section 9. Treasurer.

The Treasurer shall, if required by the Board of Directors, obtain a bond for the faithful discharge of his or her duties, in such sum and with such sureties as the Board of Directors shall require. The Treasurer shall keep and maintain the books of account and shall have charge and custody of, and be responsible for, all funds and securities of the Corporation, and deposit all such funds in the name of and to the credit of the Corporation in such banks, trust companies, or other depositories as shall be selected by the Board of Directors. The Treasurer shall also

perform all other duties customarily incident to the office of Treasurer and such other duties as from time to time may be assigned by the Board of Directors.

Section 10. Secretary.

It shall be the duty of the Secretary to act as secretary of all meetings of the Board of Directors, and to keep the minutes of all such meetings in a proper book or books to be provided for that purpose; the Secretary shall see that all notices required to be given by the Corporation are duly given and served; the Secretary shall keep a current list of the Corporation's directors and officers and their residence addresses; the Secretary shall be custodian of the seal of the Corporation and shall affix the seal, or cause it to be affixed, to all agreements, documents and other papers requiring the same. The Secretary shall have custody of the minute book containing the minutes of all meetings of the sole member, directors, and any special committee which may keep minutes, and of all other contracts and documents which are not in the custody of the Treasurer of the Corporation, or in the custody of some other person authorized by the Board of Directors to have such custody. Some or all of the foregoing duties may be discharged by an Assistant Secretary appointed by the Board of Directors.

Section 11. Appointed Officers.

The Board of Directors may delegate to any officer or committee the power to appoint and to remove any subordinate officer, agent or employee.

Section 12. Assignment and Transfer of Stocks, Bonds and Securities.

The Chairman, Executive Director, Treasurer, and each of them, shall have power to assign, or to endorse for transfer, and to deliver, any stock, bonds, subscription rights, or other securities, or any beneficial interest therein, held or owned by the Corporation.

ARTICLE IV

CONTRACTS, CHECKS, DRAFTS, BANK ACCOUNTS AND INDEBTEDNESS

Section 1. Execution of Contracts.

The Board of Directors, except as in these By-laws otherwise provided, may authorize any officer or officers, agent or agents, in the name of and on behalf of the Corporation to enter into any contract or execute and deliver any instrument, and such authority may be general or confined to specific instances; but, unless so authorized by the Board of Directors, or expressly authorized by these By-laws, no officers, agent or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable pecuniarily in any amount for any purpose.

Section 2. Loans.

No loans shall be contracted on behalf of the Corporation unless specifically authorized by the Board of Directors.

Section 3. Checks, Drafts, etc.

All checks, drafts and other orders for the payment of money out of the funds of the Corporation, and all notes or other evidences of indebtedness of the Corporation, shall be signed on behalf of the Corporation in such manner as shall from time to time 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 may select.

Section 5. No Recourse to the Town.

Obligations of the Corporation (including debt obligations) shall not be a debt or liability of the Town, nor shall the Town be a guarantor of any obligations (including debt obligations) of the Corporation.

ARTICLE V

INDEMNIFICATION AND INSURANCE

Section 1. Authorized Indemnification.

Unless clearly prohibited by law or Section 2 of this Article V, the Corporation shall indemnify any person (“Indemnified Person”) made, or threatened to be made, a party in any action or proceeding, whether civil, criminal, administrative, investigative or otherwise, including any action by or in the right of the Corporation, by reason of the fact that he or she (or his or her testator or intestate), whether before or after adoption of this Section, (a) is or was a member, director or officer of the Corporation, or (b) in addition is serving or served, in any capacity, at the request of the Corporation, as a member, director or officer of any other corporation, or any partnership, joint venture, trust, employee benefit plan or other enterprise. The indemnification shall be against all judgments, fines, penalties, amounts paid in settlement (provided the Corporation shall have consented to such settlement) and reasonable expenses, including attorneys’ fees and costs of investigation, incurred by an Indemnified Person with respect to any such threatened or actual action or proceeding, and any appeal thereof.

Section 2. Prohibited Indemnification.

The Corporation shall not indemnify any person if a judgment or other final adjudication adverse to the Indemnified Person (or to the person whose actions are the basis for the action or proceeding) establishes, or the Board of Directors in good faith determines, that such person’s acts were committed in bad faith or were the result of active and deliberate dishonesty and were material to the cause of action so adjudicated or that he or she personally gained in fact a financial profit or other advantage to which he or she was not legally entitled.

Section 3. Advancement of Expenses.

The Corporation shall, on request of any Indemnified Person who is or may be entitled to be indemnified by the Corporation, pay or promptly reimburse the Indemnified Person's reasonably incurred expenses in connection with a threatened or actual action or proceeding prior to its final disposition. However, no such advancement of expenses shall be made unless the Indemnified Person makes a binding, written commitment to repay the Corporation, with interest, for any amount advanced for which it is ultimately determined that he or she is not entitled to be indemnified under the law or Section 2 of this Article V. An Indemnified Person shall cooperate in good faith with any request by the Corporation that common legal counsel be used by the parties to such action or proceeding who are similarly situated unless it would be inappropriate to do so because of actual or potential conflicts between the interests of the parties.

Section 4. Indemnification of Others.

Unless clearly prohibited by law or Section 2 of this Article V, the Board of Directors may approve Corporation indemnification as set forth in Section 1 of this Article V or advancement of expenses as set forth in Section 3 of this Article V, to a person (or the testator or intestate of a person) who is or was employed by the Corporation or who is or was a volunteer for the Corporation, and who is made, or threatened to be made, a party in any action or proceeding, by reason of the fact of such employment or volunteer activity, including actions undertaken in connection with service at the request of the Corporation in any capacity for any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise.

Section 5. Determination of Indemnification.

Indemnification mandated by a final order of a court of competent jurisdiction will be paid. After termination or disposition of any actual or threatened action or proceeding against an Indemnified Person, if indemnification has not been ordered by a court the Board of Directors shall, upon written request by the Indemnified Person, determine whether and to what extent indemnification is permitted pursuant to these by-laws. Before indemnification can occur the Board of Directors must explicitly find that such indemnification will not violate the provisions of Section 2 of this Article V. No director with a personal interest in the outcome, or who is a party to such actual or threatened action or proceeding concerning which indemnification is sought, shall participate in this determination. If a quorum of disinterested directors is not obtainable, the Board of Directors shall act only after receiving the opinion in writing of independent legal counsel that indemnification is proper in the circumstances under then applicable law and these By-laws.

Section 6. Binding Effect.

Any person entitled to indemnification under these By-laws has a legally enforceable right to indemnification which cannot be abridged by amendment of these By-laws with respect to any event, action or omission occurring prior to the date of such amendment.

Section 7. Insurance.

The Corporation shall purchase directors' and officers' liability insurance, with such coverage amounts as may be authorized and approved by the Board of Directors. To the extent

permitted by law, such insurance may insure the Corporation for any obligation it incurs as a result of this Article V or operation of law and it may insure directly the Directors, officers, employees or volunteers of the Corporation for liabilities against which they are not entitled to indemnification under this Article V as well as for liabilities against which they are entitled or permitted to be indemnified by the Corporation.

Section 8. Nonexclusive Rights.

The provisions of this Article V shall not limit or exclude any other rights to which any person may be entitled under law or contract. The Board of Directors is authorized to enter into agreements on behalf of the Corporation with any director, officer, employee or volunteer providing them rights to indemnification or advancement of expenses in connection with potential indemnification in addition to the provisions therefore in this Article V, subject in all cases to the limitations of Section 2 of this Article V.

ARTICLE VI

GENERAL

Section 1. Office.

The office of the Corporation shall be at such place in the Town of Southold, State of New York, as the Board of Directors may determine.

Section 2. Books and Records.

There shall be kept at the office of the Corporation:

- (a) correct and complete books and records of account;
- (b) minutes of the proceedings of the sole member and the Board of Directors;
- (c) a current list of the directors and officers of the Corporation and their residence addresses;
- (d) the date of appointment of each director, evidence of the proper appointment of each director, and expiration date of the term of such director;
- (e) a list or record containing the name and address of the sole member;
- (f) a copy of these By-laws.

Section 3. Seal.

The corporate seal shall be in the form of a circle and shall have inscribed thereon the following: "Southold Local Development Corporation."

Section 4. Interested Directors and Officers.

No contract or other transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, firm, association or other entity in which one or more of its directors or officers are directors or officers, or have a substantial financial interest, shall be either void or voidable for this reason alone or by reason alone that such director or directors or officer or officers are present at the meeting of the Board of Directors which authorizes such contract or transaction, or that his or their votes are counted for such purpose if the material facts as to such director's or officer's interest in such contract or transaction and as to any such common directorship, officership or financial interest are disclosed in good faith or known to the Board of Directors and the Board of Directors authorizes such contract or transaction by a vote sufficient for such purpose without counting the vote or votes of such interested director or officers.

Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors which authorizes such contract or transaction.

Section 5. Loans to Directors and Officers.

No loans other than through the purchase of bonds, debentures, or similar obligations of the type customarily sold in public offerings, or through ordinary deposit of funds in a bank, shall be made by the Corporation to its directors or officers, or to any other corporation, firm, association or other proprietary entity in which one or more of its directors or officers are directors or officers or hold a substantial financial interest except as allowed by law.

Section 6. Fiscal Year.

The fiscal year of the Corporation shall commence January 1 in each calendar year and end on the next succeeding December 31, provided that the fiscal year may be changed by the Board of Directors.

Section 7. Type C Corporation.

The Corporation shall be a Type C Corporation as defined in Section 201 of the Not-For-Profit Corporation Law of the State of New York.

ARTICLE VII

EFFECTIVE DATE; AMENDMENTS

Section 1. Effective Date.

The effective date of these By-Laws shall be the date on which these By-Laws shall have been approved (i) by resolution adopted by the affirmative vote of the majority of the directors of the Corporation at a meeting duly called and convened and (ii) by the sole member, as evidenced by action of the Town Board.

Section 2. Amendments.

The By-laws of the Corporation may be amended, modified, supplemented or repealed as set forth in the Certificate of Incorporation.