

BYLAWS

OF

SMITH/SHAVER LAW SCHOOL SCHOLARSHIP FUND, INC.

TABLE OF CONTENTS TO BYLAWS

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	<u>Page</u>
ARTICLE I -- NAME, OFFICES AND PURPOSES	1
<u>Section 1. Name</u>	1
<u>Section 2. Principal Office</u>	1
<u>Section 3. Other Offices</u>	1
<u>Section 4. Purposes</u>	1
ARTICLE II -- BOARD OF TRUSTEES	1
<u>Section 1. General Powers</u>	1
<u>Section 2. Number, Term and Qualification</u>	2
<u>Section 3. Chair of the Board of Trustees</u>	2
<u>Section 4. Vice Chair of the Board of Trustees</u>	2
<u>Section 5. Removal</u>	2
<u>Section 6. Resignation</u>	3
<u>Section 7. Vacancies</u>	3
<u>Section 8. Compensation of Trustees</u>	3
ARTICLE III -- MEETINGS OF TRUSTEES	3
<u>Section 1. Annual Meeting</u>	3
<u>Section 2. Special Meeting</u>	3
<u>Section 3. Place of Meetings</u>	3
<u>Section 4. Notice of Meetings</u>	3
<u>Section 5. Quorum</u>	4
<u>Section 6. Chair of the Board of Trustees</u>	4
<u>Section 7. Manner of Acting</u>	4
<u>Section 8. Action Without Meeting</u>	4
<u>Section 9. Meeting by Telephone or Similar Communications Device</u>	4
ARTICLE IV -- COMMITTEES	4
<u>Section 1. Executive Committee</u>	4
<u>Section 2. Standing or Other Committees</u>	4
<u>Section 3. Committee Authority</u>	5
ARTICLE V -- OFFICERS	5
<u>Section 1. Titles</u>	5
<u>Section 2. Election and Term</u>	5
<u>Section 3. Removal</u>	5
<u>Section 4. Resignation</u>	5
<u>Section 5. Vacancies</u>	6
<u>Section 6. Chair of the Board of Trustees</u>	6

Section 7.	<u>Vice Chair of the Board of Trustees</u>	6
Section 8.	<u>Treasurer</u>	6
Section 9.	<u>Assistant Treasurers</u>	6
Section 10.	<u>Secretary</u>	6
Section 11.	<u>Assistant Secretaries</u>	7
ARTICLE VI – PROCEDURES FOR THE AWARDING OF FUNDS		7
Section 1.	<u>Asset Allocation and Expenses</u>	7
Section 2.	<u>Scholarship Criteria</u>	7
Section 3.	<u>History of Smith/Shaver</u>	7
ARTICLE VII -- INDEMNIFICATION OF TRUSTEES AND OFFICERS		8
Section 1.	<u>General Policy</u>	8
Section 2.	<u>Use of Corporate Funds</u>	8
ARTICLE VIII -- GENERAL PROVISIONS		9
Section 1.	<u>Seal</u>	9
Section 2.	<u>Waiver of Notice</u>	9
Section 3.	<u>Checks</u>	9
Section 4.	<u>Bond</u>	9
Section 5.	<u>Loans</u>	9
Section 6.	<u>Fiscal Year</u>	9
Section 7.	<u>Conflict of Interest</u>	9
Section 8.	<u>Dissolution</u>	10
Section 8.	<u>Amendments</u>	10

**BYLAWS
OF
SMITH/SHAVER LAW SCHOOL SCHOLARSHIP FUND, INC.**

ARTICLE I -- NAME, OFFICES AND PURPOSES

Section 1. Name. The name of this North Carolina nonprofit corporation shall be **Smith/Shaver Law School Scholarship Fund, Inc.**, hereinafter referred to as the "Scholarship Fund."

Section 2. Principal Office. The principal office of the Scholarship Fund shall be located at One West Fourth Street, Winston-Salem, Forsyth County, North Carolina 27101, which shall also be the registered office of the Scholarship Fund.

Section 3. Other Offices. The Scholarship Fund may have offices at such other places as the Board of Directors may from time to time determine.

Section 4. Purposes. The purposes of the Scholarship Fund are as stated in the Articles of Incorporation:

To operate exclusively for charitable and educational purposes within the meaning of Sections 501(c)(3) and 170(c)(2) of the Internal Revenue Code of 1986 or the corresponding provisions of any future United States Internal Revenue laws (the "Code"), for the benefit of, to perform the functions of, or to carry out the purposes of the law schools at Campbell University Inc., Duke University, North Carolina Central University, University of North Carolina at Chapel Hill, and Wake Forest University (the "Law Schools"), within the meaning of Section 509(a)(3) of the Code.

Within the above-stated purpose, the primary purpose of the Scholarship Fund shall be to provide scholarships to be awarded to or on behalf of students who are residents of North Carolina and who attend one of the Law Schools. Scholarships shall be awarded based primarily on need. Another purpose is to provide grants to the Law Schools for other educational purposes, including seminars and lectures, to advance the scholarship of lawyers and law students. The Scholarship Fund will provide an annual financial report to each Law School.

ARTICLE II -- BOARD OF TRUSTEES

Section 1. General Powers. The affairs of the Scholarship Fund shall be managed by a Board of Directors which shall be known as the Board of Trustees in

accordance with the provisions of applicable law, the Articles of Incorporation of the Scholarship Fund, and these Bylaws.

Section 2. Number, Term and Qualification. The number of Trustees of the Scholarship Fund shall be no less than two (2) and no more than seven (7). One Trustee shall be appointed by each of the Law Schools (the "Law School Trustees"). Two Trustees shall be independent trustees (the "Independent Trustees"), each to be appointed by the previous Independent Trustee or his or her designee to that Independent Trustee's position. The initial Independent Trustees are designated to be G. Eugene Boyce, Esquire, and Keith W. Vaughan, Esquire. Before undertaking to invest or to award funds, however, at least three Law School Trustees shall have been appointed and joined the Board. Each Law School Trustee shall be an alumnus of the particular Law School making the appointment and shall during service on the Board be a resident of the State of North Carolina. Each Law School Trustee shall hold office for successive terms of three (3) years and until a successor is appointed by the authorized appointing authority for Law School Trustees, provided that each Law School Trustee serves at the pleasure of the Law School which appointed that Law School Trustee. Each Independent Trustee shall hold office until that Independent Trustee or that Independent Trustee's designee appoints a successor for that Independent Trustee's position. The Board may also designate one or two ex-officio Trustees who shall serve without vote but who may act as advisors. The ex-officio Trustees shall not be counted for the purposes of establishing a quorum. Each Trustee may serve an unlimited number of terms.

Section 3. Chair of the Board of Trustees. The Chair of the Board of Trustees shall be one of the Independent Trustees who shall serve for a term of two years. After expiration of that term, the other Independent Trustee shall serve as Chair of the Board of Trustees for a term of two years. The Chair shall alternate between the Independent Trustees thereafter for terms of two years each. If a vacancy occurs in the Chair, then the vacancy shall be filled by a person named by the Independent Trustee serving as Chair, or by his or her designee, which person shall serve out the remaining term of the Chair. The initial Chair shall be Independent Trustee G. Eugene Boyce.

Section 4. Vice Chair of the Board of Trustees. The Vice Chair of the Board of Trustees shall be the Independent Trustee not serving as Chair. The term of the Vice Chair shall be the same two-year period as the term of the Chair. If a vacancy occurs in the Vice Chair, then the vacancy shall be filled by a person named by the Independent Trustee serving as Vice Chair, or by his or her designee, which person shall serve out the remaining term of the Vice Chair. The initial Vice Chair shall be Independent Trustee Keith W. Vaughan.

Section 5. Removal. A Law School Trustee may be removed from office at any time with or without cause by the Law School that appointed the Trustee to office.

Section 6. Resignation. A Trustee may resign at any time by communicating such resignation to the Board of Trustees, its presiding officer or to the Scholarship Fund. The resignation is effective when communicated unless the notice specifies a later effective date or subsequent event upon which it will become effective.

Section 7. Vacancies. A vacancy occurring in the Board of Trustees shall be filled by the applicable Law School when there is a vacancy in a Law School Trustee position and by an Independent Trustee or his or her designee when there is a vacancy in that Independent Trustee's position.

Section 8. Compensation of Trustees. Trustees shall serve without compensation for services rendered to the Scholarship Fund. The Scholarship Fund may, however, reimburse reasonable out-of-pocket expenses to Trustees incurred as a result of service on the Board of Trustees or in carrying out the business of the Scholarship Fund.

ARTICLE III -- MEETINGS OF TRUSTEES

Section 1. Annual Meeting. The Board of Trustees shall meet at least annually, which meeting shall be held in the month of January of each year, for the purpose of electing officers of the Scholarship Fund and the transaction of such other business as may be properly brought before the meeting. If the annual meeting is not held as designated by these Bylaws, a substitute annual meeting may be called by or at the request of the Board of Trustees, and such meeting shall be designated and treated for all purposes as the annual meeting.

Section 2. Special Meeting. Special meetings of the Board of Trustees may be called by or at the request of the Chair of the Board, the Vice Chair, or any two Law School Trustees.

Section 3. Place of Meetings. Meetings of the Board of Trustees may be held at the principal office of the Scholarship Fund or at such other place, either within or without the State of North Carolina, as shall either (i) be designated in the notice of the meeting or (ii) be agreed upon at or before the meeting by a majority of the Trustees then in office.

Section 4. Notice of Meetings. The Secretary or other person or persons calling a meeting for which notice is required shall give notice by any usual means of communication, at least five days before the meeting. Unless otherwise indicated in the notice, any and all business may be transacted at a meeting of the Board of Trustees. Attendance by a Trustee at a meeting shall constitute a waiver of notice, except where a Trustee attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called.

Section 5. Quorum. A majority of the Trustees in office immediately before a meeting begins shall constitute a quorum for the transaction of business at a meeting of the Board of Trustees.

Section 6. Chair of the Board of Trustees. The Chair of the Board of Trustees shall preside at meetings of the Board of Trustees and shall have such other authority and perform such other duties as the Board of Trustees shall designate. In default of a Chair of the Board, the Vice Chair of the Board shall preside at meetings of the Board of Trustees

Section 7. Manner of Acting. Except as otherwise provided by law or in the Bylaws, the act of the majority of the Trustees present at a meeting at which a quorum is present shall be the act of the Board of Trustees.

Section 8. Action Without Meeting. Action taken by a majority of the Trustees or members of a committee without a meeting is nevertheless Board or committee action if written consent to the action in question is signed by all of the Trustees or members of the committee, as the case may be, and filed with the minutes of the proceedings of the Board or committee, whether done before or after the action is taken.

Section 9. Meeting by Telephone or Similar Communications Device. Any one or more Trustees or members of a committee may participate in a meeting of the Board or committee by means of a telephone conference or similar communications device, including videoconference, which allows all Trustees participating in the meeting to simultaneously hear each other during the meeting, and such participation in a meeting shall be deemed presence in person at such meeting.

ARTICLE IV -- COMMITTEES

Section 1. Executive Committee. The Board of Trustees, by resolution adopted by a majority of the number of Trustees then in office, may designate two or more Trustees, which Trustees shall include the Independent Trustees, to constitute an Executive Committee which shall have and may exercise the authority of the Board in the management of the business and affairs of the Scholarship Fund during intervals between meetings. The Executive Committee shall prepare minutes of its proceedings which shall be kept with the records of the Scholarship Fund. The Executive Committee shall report to the Board of Trustees on action taken.

Section 2. Standing or Other Committees. Standing or other committees having two or more members may be designated by a resolution adopted by a majority of the number of Trustees then in office. Vacancies in the membership of such committees

shall be filled by appointment made in the same manner as provided in the case of the original appointment.

Section 3. Committee Authority. No committees of the Board (including the Executive Committee) shall be authorized to take the following actions:

- (i) authorize distributions to or for the benefit of the Trustees or officers;
- (ii) approve dissolution, merger or the sale, pledge, or transfer of the Scholarship Fund's assets;
- (iii) elect, appoint or remove Trustees, or fill vacancies on the Board of Trustees or on any of its committees; or
- (iv) adopt, amend, or repeal the Articles of Incorporation or Bylaws.

ARTICLE V -- OFFICERS

Section 1. Titles. In addition to the Chair and Vice Chair of the Board of Trustees, the officers of the Scholarship Fund shall be a Secretary and a Treasurer. The Board of Trustees may also elect one or more additional Assistant Secretaries and one or more Assistant Treasurers, and such other officers as it shall deem necessary. Except as otherwise provided in these Bylaws, the additional officers shall have the authority and perform the duties as from time to time may be prescribed by the Board of Trustees. Any two or more offices may be held by the same individual, but no officer may act in more than one capacity where action of two or more officers is required.

Section 2. Election and Term. Except as otherwise provided for the Chair and Vice Chair of the Board of Trustees, the officers of the Scholarship Fund shall be elected by the Board of Trustees. Each officer shall hold office until a successor is elected and qualifies.

Section 3. Removal. Any officer or agent elected or appointed by the Board of Trustees may be removed at any time by the Board with or without cause except in the case of the Chair and Vice Chair of the Board of Trustees, who may be replaced only as provided in Article II of these Bylaws.

Section 4. Resignation. An officer or agent may resign at any time by communicating such resignation to the Scholarship Fund. A resignation is effective when it is communicated unless it specifies in writing a later effective date.

Section 5. Vacancies. Vacancies among the officers may be filled and new offices may be created and filled by the Board of Trustees, except in the case of the Chair and Vice Chair of the Board of Trustees, which vacancies may be filled only as provided in Article II of these Bylaws.

Section 6. Chair of the Board of Trustees. The Chair of the Board of Trustees shall be the chief executive officer of the Scholarship Fund and, subject to the control of the Board of Trustees, shall supervise and control the management of the Scholarship Fund in accordance with these Bylaws. The Chair of the Board of Trustees shall sign, with any other proper officer, instruments which may be lawfully executed on behalf of the Scholarship Fund, except where required or permitted by law to be otherwise signed and executed, and except where the signing and execution shall be delegated by the Board of Trustees to some other officer or agent. In general, the Chair of the Board of Trustees shall perform all duties incident to the office of chief executive officer and such other duties as may be assigned by the Board of Trustees from time to time.

Section 7. Vice Chair of the Board of Trustees The Vice Chair of the Board of Trustees shall exercise the powers of the chief executive officer during the Chair's absence or inability to act. Any action taken by the Vice Chair of the Board of Trustees in the performance of the duties of the chief executive officer shall be presumptive evidence of the absence or inability to act of the Chair at the time the action was taken. The Vice Chair of the Board of Trustees shall have such other powers and perform such other duties as may be assigned by the Board of Trustees.

Section 8. Treasurer. The Treasurer shall have custody of all funds and securities belonging to the Scholarship Fund and shall receive, deposit or disburse the same under the direction of the Board of Trustees; provided, that the Board may appoint a custodian or depository for any such funds or securities, and the Board may designate those persons upon whose signature or authority such funds may be disbursed or transferred. The Treasurer shall in general perform the duties incident to the office and such other duties as may be assigned from time to time by the Chair of the Board of Trustees.

Section 9. Assistant Treasurers. Each Assistant Treasurer shall have such powers and perform such duties as may be assigned by the Board of Trustees, and the Assistant Treasurers shall exercise the powers of the Treasurer during that officer's absence or inability to act.

Section 10. Secretary. The Secretary shall keep accurate records of the acts and proceedings of all meetings of the Board of Trustees and shall give all notices required by law and these Bylaws. The Secretary shall have general charge of the corporate books and records and of the corporate seal and shall affix the corporate seal to

any lawfully executed instrument requiring it. The Secretary shall sign such instruments as may require the signature of the Secretary and in general shall perform all the duties incident to the office of Secretary and such other duties as may be assigned from time to time by the Chair of the Board of Trustees.

Section 11. Assistant Secretaries. Each Assistant Secretary shall have such powers and perform such duties as may be assigned by the Board of Trustees, and the Assistant Secretaries shall exercise the powers of the Secretary during that officer's absence or inability to act.

ARTICLE VI – PROCEDURES FOR THE AWARDING OF FUNDS

Section 1. Asset Allocation and Expenses. The assets delivered to the Scholarship Fund pursuant to the Order of the Honorable Howard E. Manning, Jr., Judge, North Carolina Superior Court, shall be allocated evenly to five internal funds, with each internal fund allocated to a designated Law School. Grants shall be made to each Law School from the fund designated for that Law School for scholarships or other educational purposes as determined by the Scholarship Fund's Board of Trustees. The assets may be mingled for investment purposes. General expenses of the Scholarship Fund shall be shared equally by the five internal funds, but expenses which are attributable to a particular internal fund shall be charged to the applicable fund.

Section 2. Scholarship Criteria. Each Law School shall be advised that the scholarship recipients must be residents of the State of North Carolina and that awards are to be based primarily on financial need. The Board of Trustees may promulgate additional criteria to be used in the awarding of scholarships.

Section 3. History of Smith/Shaver. Any background or publicity about the scholarships should include information about the Smith/Shaver cases which may be based on the following information:

The Smith/Shaver Law School Scholarship Fund, Inc. was established by the Honorable Howard E. Manning, Jr., North Carolina Superior Court Judge, by a grant from the Settlement Fund created in the consolidated class action Donald L. Smith, et al. v. State of North Carolina and Manila G. Shaver, et al. v. State of North Carolina. In the Smith/Shaver class action, lawyers at the North Carolina law firms of Boyce & Isley, PLLC, and Womble Carlyle Sandridge & Rice, PLLC, including attorneys G. Eugene Boyce, Keith W. Vaughan, Philip R. Isley, R. Daniel Boyce, W. David Edwards, Sandy Sands, and Joe Cogdell, represented North Carolina taxpayers seeking intangibles tax refunds from the State of North Carolina.

As a result of the Smith/Shaver class action, over \$465 million was available for making refunds to class members and for other purposes. After making full refunds with interest to all qualified Class Members and paying all Settlement administration expenses and attorneys' fees, Judge Manning directed Class Counsel G. Eugene Boyce and Keith W. Vaughan to establish the Smith/Shaver Law School Scholarship Fund with an initial endowment of \$6 million. The Court directed that the Scholarship Fund be used to provide scholarships to North Carolina residents who attend one of the following North Carolina law schools: Campbell University Inc., Duke University, North Carolina Central University, University of North Carolina at Chapel Hill, and Wake Forest University.

The Smith/Shaver Law School Scholarship Fund scholarship awards are based primarily on need and are open to all North Carolina residents who attend one of the Law Schools listed above. The Scholarship Fund also provides grants to the Law Schools for other educational purposes, including seminars and lectures, to advance the scholarship of lawyers and law students.

ARTICLE VII -- INDEMNIFICATION OF TRUSTEES AND OFFICERS

Section 1. General Policy. It shall be the policy of the Scholarship Fund to indemnify to the maximum extent permitted by Chapter 55A of the General Statutes of North Carolina any one or more of the Trustees, officers, employees, or agents and former Trustees, officers, employees, or agents of the Scholarship Fund, and persons who serve or have served at the request of the Scholarship Fund as directors, officers, partners, trustees, employees or agents of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise, against judgments, penalties, settlements and other liabilities incurred by them in connection with any pending, threatened or completed action, suit or proceeding, whether civil, criminal, investigative or administrative (a "proceeding") and against reasonable costs and expenses (including attorneys' fees) in connection with any proceeding, where such liabilities and litigation expenses were incurred incident to the good faith performance of their duties.

Section 2. Use of Corporate Funds. The Scholarship Fund may advance expenses in connection with any proceeding to any such person in accordance with applicable law. The use of funds of the Scholarship Fund for indemnification or for purchase and maintenance of insurance for the benefit of the persons designated in Section 1 of this Article shall be deemed a proper expense of the Scholarship Fund.

ARTICLE VIII -- GENERAL PROVISIONS

Section 1. Seal. The seal of the Scholarship Fund shall bear the name of the corporation and the letters "N.C." or the words "North Carolina."

Section 2. Waiver of Notice. A Trustee or other person entitled to receive a notice required to be given under the provisions of these Bylaws, the Articles of Incorporation or by applicable law, may waive such notice by signing a written waiver, whether before or after the date and time stated in the notice. The waiver shall be filed with the minutes or corporate records. A Trustee's attendance at or participation in a meeting waives any required notice to that Trustee of the meeting unless the Trustee at the beginning of the meeting (or promptly upon arrival) objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

Section 3. Checks. All checks, drafts or orders for the payment of money shall be signed by the officer or officers or other individuals that the Board of Trustees may from time to time designate.

Section 4. Bond. The Board of Trustees may by resolution require any or all officers, agents or employees of the Scholarship Fund to give bond to the Scholarship Fund, with sufficient sureties, conditioned upon the faithful performance of the duties of their offices or positions, and to comply with such other conditions as may from time to time be required by the Board.

Section 5. Loans. No loans shall be contracted on behalf of the Scholarship Fund and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Trustees. Such authority may be general or confined to specific instances.

Section 6. Fiscal Year. The fiscal year of the Scholarship Fund shall be the twelve month period ending December 31 of each year.

Section 7. Conflict of Interest. A Trustee shall inform the Board of Trustees of any direct or indirect conflict of interest which the Trustee has with regard to any transaction contemplated by the Board of Trustees (a "Conflict of Interest"). A Conflict of Interest shall exist in Board actions including, but not be limited to, actions concerning a transaction:

- (i) in which the Trustee has a material financial interest; or
- (ii) in which the Trustee is presently serving as a director, trustee, officer or general partner of another party.

Pursuant to the provisions of Section 55A-8-31 of the General Statutes of North Carolina, the Trustee may participate in the discussion but may not vote on the transaction and when a Trustee does not vote because of a Conflict of Interest, the act of the majority of the Trustees voting shall be the act of the Board of Trustees if a quorum is present at the meeting. A Conflict of Interest shall not arise solely because a Trustee serves as a director, trustee or officer of one of the Law Schools.

Section 8. Dissolution. Dissolution of the corporation may be approved only by a majority vote of the Board of Trustees, which majority shall include the concurrence of both Independent Trustees. The distribution of the assets of the Scholarship Fund in the event of dissolution shall be as provided in Article 7 of the Articles of Incorporation.

Section 9. Amendments. These Bylaws may be amended or repealed and new Bylaws may be adopted by the affirmative vote of the majority of the entire Board of Trustees at any meeting of the Board; provided, that notice of the meeting shall have been given which states that the purpose or one of the purposes of the meeting is to consider a proposed amendment to the Bylaws and includes a copy or summary of the proposed amendment or states the general nature of the amendment; provided further that no amendment may be made to Article VI, section 1, regarding the allocation of assets among the Law Schools except with respect to a Law School that ceases to exist; and provided further, as permitted by Section 55A-10-30 of the General Statutes of North Carolina, that no amendment to the Sections of the Articles listed below may become effective without the written approval of both Independent Trustees:

- (i) Article I, Section 4, regarding the purposes of the Scholarship Fund;
- (ii) Articles II and V (all Sections) regarding the election, appointment, designation, powers, term, service, replacement or removal of one or both Independent Trustees; and
- (iii) Article VIII, Section 8, regarding dissolution.

Further, no amendment to the purposes of the Scholarship Fund stated in Article 3 of the Articles of Incorporation shall be amended without the written approval of both Independent Trustees. Any notice requirement in this section may be waived as provided in these Bylaws.

THIS IS TO CERTIFY that the above Bylaws of the Smith/Shaver Law School Scholarship Fund, Inc. were duly adopted by the Board of Trustees, effective as of March 17th 2005.

This the 17th day of March, 2005.



Secretary

