

BY-LAWS
OF
LANCASTER DOWNTOWN INVESTMENT DISTRICT AUTHORITY

ARTICLE 1
THE AUTHORITY

SECTION 1.1 The Authority.

The name of the authority shall be the Lancaster Downtown Investment District Authority (“Authority”).

SECTION 1.2 Powers and Purpose.

The Authority shall have all powers granted to it pursuant to (a) the Municipality Authorities Act as set forth by 53 Pa. C.S.A. §§ 5601-5623 (“Act”), which may be exercised by it pursuant to the Act, and (b) the Downtown Investment District Ordinance adopted by the Council of the City of Lancaster, Pennsylvania on August 13, 1991 (the “Ordinance”). The purposes of the Authority shall be those set forth in the Central Business District Authority Act of 1980, Act of April 10, 1980, P.L. 105, amending the Act. In particular the Authority shall develop, obtain approval of and implement a plan for providing and funding administrative services and business improvements to benefit the downtown investment district as contemplated by the Ordinance.

SECTION 1.3 Term of Existence.

The existence of the Authority shall extend for a term expiring December 31, 2062.

SECTION 1.4 Office.

The principal office of the Authority shall be located at 354 North Prince Street, Suite 110, Lancaster, Pennsylvania, 17603. The Authority may establish and maintain such other offices in City of Lancaster, Pennsylvania, as the governing body of the Authority (“Board”) may approve. The Authority may move the principal office of the Authority, upon resolution of the Board of Directors.

SECTION 1.5 Seal.

The Authority shall have a corporate seal in the form of a circle containing the name of the Authority, the year of its incorporation and such other details as may be approved by the Board.

SECTION 1.6 Fiscal Year.

The fiscal year of the Authority shall begin on the first day of May in each year. The fiscal year may be changed, from time to time, without having to amend the Bylaws, upon resolution of the Board of Directors.

**ARTICLE 2
THE BOARD, MEETINGS AND COMMITTEES**

SECTION 2.1 Number; Term of Office.

The Board shall have full power to conduct, manage and direct the business, property and affairs of the Authority; and all powers of the Authority are granted to and vested in the Board. The Board shall consist of such number of members as authorized by the Ordinance, as amended. The term of office of each member of the Board shall be five years, commencing on the first Monday in January and expiring five years thereafter. In the event any vacancy shall occur by reason of the death, disqualification, resignation or removal for cause of any member of the Board, or whenever any vacancy has occurred or is about to occur by reason of the expiration of the term of office of any Board member, in accordance with Section 10 of the Ordinance, the remaining Board members shall submit a list of proposed nominees to the Mayor of the City of Lancaster and after nomination by the Mayor, the Council of the City of Lancaster shall appoint the successor Board member. Members of the Board may succeed themselves if re-appointed. Members shall continue to hold office until their successors have been appointed. Any member of the Board may be removed from the Board for cause in accordance with the Act.

SECTION 2.2 Place of Meeting.

The Board may hold its meetings at such locations as may be approved by the Board from time to time.

SECTION 2.3 Regular Meetings.

Regular meetings of the Board of Directors shall be held. Annually, the Authority will adopt and publicly advertise a calendar of meeting dates. No notice to Board members shall be required for any such regular meeting of the Board.

SECTION 2.4 Special Meetings.

Special meetings of the Board shall be held whenever called by the Chairman of the Board or by not less than three members of the Board. Calls for special meetings shall be in writing, shall be served upon the Secretary or Executive Director and shall specify the purpose or purposes of the special meeting. The Secretary or Executive Director shall give notice of the time, place and purpose of each special meeting by mailing a notice to each Board member at least three days before the special meeting; provided, however, that no notice shall be required

for any special meeting called by the Chairman during a regular meeting of the Board. A Board member may waive notice of any special meeting, and attendance of a Board member in person at any meeting, shall constitute a waiver of notice of such meeting.

SECTION 2.5 Voting; Quorum; Transaction of Business.

(a) Each member of the Board shall have one vote. More than fifty percent (50%) of the members of the Board (or of any committee) then in office shall constitute a quorum for the transaction of business, but if at any meeting of the Board (or of any committee) there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time until a quorum shall be present. Except as otherwise provided in this Section 2.5, all actions of the Board (or of any committee) may be taken by a vote of the majority of the members present at any meeting where a quorum exists. In the case of any equality of votes, the Chairman, Vice Chairman or Chairman pro tem, whichever may then be presiding, shall have a second and deciding vote.

(b) Any action of the Board to alter, amend or repeal these By-laws may be taken only by an affirmative vote of not less than two-thirds of all members of the Board after notice of such proposed alteration, amendment or repeal shall have been given in writing to each Board member at least ten days prior to the meeting at which action thereon is to be taken.

(c) The Chairman shall preside at all meetings. In the absence of the Chairman, the Vice Chairman shall preside. In the absence of the Chairman and Vice Chairman, the Board shall elect a Chairman pro tem. The Authority Solicitor shall preside over the election of officers.

(d) Any procedural matter not addressed in these By-laws shall be resolved in accordance with Robert's Rules of Order to the extent not in conflict with these By-laws.

SECTION 2.6 Order of Business.

The order of business at any regular meeting of the Board shall be as follows:

- (a) review of the minutes;
- (b) review of the financial reports;
- (c) reports of committees;
- (d) old business; and
- (e) new business

SECTION 2.7 Powers and Duties of Board.

The members of the Board shall be responsible for the general management and control of the business, property and affairs of the Authority and shall exercise all powers that may be exercised or performed by the Authority under existing laws, the Articles of Incorporation and

these By-laws. Without prejudice to the general powers conferred by the preceding sentence and any other powers conferred by these By-laws, the Board shall have the following powers and duties:

(a) Appointment of Agents. To appoint and, except as otherwise provided by statute or these By-laws, in its discretion, remove or retain, such employees, consultants, agents or servants not otherwise elected or appointed, permanently or temporarily, as the Board shall deem fit and proper, and to prescribe their duties and determine their compensations, and to require security in such instances and in such amounts as the Board shall deem fit, and to confer, by resolution, upon any employee of the Authority the power to choose, remove or suspend any employees, consultants, agents or servants so appointed who may be under such employee's supervision.

(b) Execution of Instruments. To determine by resolution, except as otherwise provide by statute or these By-laws, who shall be authorized on behalf of the Authority to sign bills, notes, receipts, acceptances, endorsements, checks, releases, contracts and other documents.

(c) Delegation of Powers. To delegate any of the powers of the Board in the current business of the Authority to any employee or agent, or to appoint any person or persons to be the agent or agents of the Authority, with such powers (including the power to sub-delegate) and upon such terms as the Board shall see fit.

(d) Committees. As provided in Section 2.9 to delegate by specific resolution from time to time to committees any duties that are required to be executed during the intervals between the meetings of the Board, and such committees shall report to the Board when and as required.

(e) Election of Officers. To elect a Chairman, Vice Chairman, Secretary, Treasurer, Assistant Secretary and Assistant Treasurer, to define their respective duties and to limit the authority of all officers of this Authority in any way it deems advisable, not contrary to law, the Articles of Incorporation or these By-laws.

(f) Designation of Depositories. To designate the banks or other financial institutions in which the monies or securities of the Authority shall be deposited.

(g) Budget. To establish annually a budget for the fiscal year.

(h) Reports. To prepare annually for presentment at a regular meeting, a written report of the business and activities of the Board and the Authority for the fiscal year immediately preceding such meeting, and to submit copies of such report to the proper municipal authorities.

(i) Rules and Regulations. To adopt by resolution such rules and regulations for the use of the administrative services and business improvements of the Authority as the Board may deem proper.

(j) Charges and Assessments. To fix, alter, charge and collect reasonable rates, assessments, administrative fees, license fees, fines, penalties, rental and other charges for the receipt of the benefit of the business improvements and administrative services rendered by the Authority, for the purpose of providing for the payment of the expenses of the Authority, the payment of the principal of and interest on its obligations, and to fulfill the terms and provisions of any agreements made with the purchasers or holders of any such obligations, as the Board may from time to time by resolution determine.

SECTION 2.8 Resignation of Board Members.

Any member of the Board may resign at any time by giving written notice to the Secretary. Such resignation shall be made in writing and shall take effect at the time specified in the notice. If no time is specified, the resignation shall take effect from the time of its receipt by the Secretary, who shall accept such resignation, noting the day of its reception. The acceptance of a resignation shall not be necessary to make it effective. The Secretary shall promptly notify the proper municipal authorities of the resignation of any member of the Board. Any member of the Board may resign at any time by giving oral notice to the Board at a meeting at which a quorum (excluding the resigning member) is present.

SECTION 2.9 Committees.

The organization of the Board shall include committees to consider and make recommendations with respect to administration, operations, personnel, revenue and finance, planning, leadership, safety, appearance and promotion, nominating, and other appropriate matters. The Chairman shall annually and from time to time as necessary appoint the members of the Board who shall serve on the standing committees of the Authority. The Board from time to time may designate additional committees and the Chairman shall appoint members of the Board who shall serve as the members of such committees. The Chairman shall designate the member who shall serve as chairman of each committee. Members may be removed from standing committees by resignation or vote of the Board. The Chairman shall be an ex officio member of every committee except the Nomination Committee. Any committee may exercise the power and authority of the Board delegated to it by specific motion or resolution of the Board. Absent such specific motion or resolution, the only power of committees shall be to make recommendations the Board. Each committee shall have a chairman and may determine procedural rules for conducting its business.

SECTION 2.10 Minutes.

The Board and each committee shall maintain minutes of all proceedings.

**ARTICLE 3
OFFICERS, EMPLOYEES, AGENTS AND SERVANTS**

SECTION 3.1 Officers.

The officers of the Authority shall be a Chairman, Vice Chairman, Treasurer, and Secretary, and such other officers, including but not limited to Assistant Secretary and Assistant Treasurer, as shall from time to time be provided for by the Board. The Chairman shall annually appoint a Nomination Committee to nominate officers. Such officers shall be elected by the Board at a regular meeting of the Board, and shall hold office for one year, and until their respective successors shall have been duly elected and qualified, provided, however, that all officers of the Authority shall be subject to removal at any time by the Board. All officers shall have the Authority and shall perform such duties as set forth in these By-laws and/or as shall from time to time be prescribed by the Board.

SECTION 3.2 Powers and Duties of Chairman.

The Chairman shall (a) preside at all meetings of the Board; (b) sign and execute all authorized bonds, contracts, notes, evidences of indebtedness or other obligations in the name of the Authority as directed by the Board; (c) sign warrants or orders in the name of the Authority for the payment of money as directed by the Board; (d) from time to time make such reports of the affairs of the Authority as the Board may require; (e) in accordance with Section 2.9, appoint as necessary, the members to serve on such committees as shall be established by the Board; and (f) do and perform such other duties as may from time to time be assigned to him or her by the Board.

SECTION 3.3 Powers and Duties of Vice Chairman.

The Vice Chairman shall possess the power and may perform the duties of the Chairman in the Chairman's absence or disability; and shall do and perform such other duties as may from time to time be assigned to him or her by the Board.

SECTION 3.4 Powers and Duties of Secretary.

The Secretary shall (a) keep the minutes of all meetings of the Board; (b) attend to the giving and serving of all notices of the Authority; (c) sign with the Chairman in the name of the Authority all contracts, bonds, notes, evidences of indebtedness or other obligations authorized by the Board and, when so ordered by the Board, shall affix the seal of the Authority thereto; (d) have charge of such books and papers of the Authority as the Board may direct, all of which shall, at all reasonable times, be open to examination by any member of the Board upon application to the Secretary; (e) in general perform all of the duties incident to the office of Secretary, subject to the control of the Board; and (f) do and perform such other duties as may from time to time be assigned to him or her by the Board.

SECTION 3.5 Powers and Duties of Treasurer.

The Treasurer shall (a) receive and have charge of all monies, bills, notes, bonds and similar property belonging to the Authority, except as otherwise directed by the Board; (b) have the power to issue receipts and acknowledgements for the payment of money and delivery of checks, drafts, notes, acceptances or other evidences of indebtedness to the Authority, except as otherwise directed by the Board; (c) have the duty and the power of opening and keeping special

accounts with such banks or other financial institutions as from time to time may, by resolution, be designated by the Board, and, to the extent that such accounts are not insured, require such security from any such bank or financial institution as may be directed by the Board or required by law; (d) endorse on behalf of the Authority, for collection, checks, notes and other obligations, and shall deposit the same to the credit of the Authority in the banks or other financial institutions designated by the Board jointly with such other officer as may be designated by resolution of the Board; (e) sign all checks made by the Authority, and pay out and dispose of the same under the direction of the Board; (f) sign by facsimile signature all interest bearing coupons attached to authorized bonds of the Authority; (g) whenever required by the Board, render to it a statement of the Authority's accounts; (h) regularly make entries in the books of the Authority, and fully and accurately account for all monies received and paid by the Treasurer on account of the Authority; (i) at all reasonable times, exhibit the books and accounts of the Authority to any member of the Board upon application; (j) perform all acts incident to the position of Treasurer, subject to the control of the Board; (k) give a bond with sufficient corporate surety in such amount as may be determined by resolution of the Authority, the costs of which shall be paid by the Authority, conditioned upon the faithful performance of his or her duties as Treasurer, and (l) permit all books, records and accounts of the Authority kept by the Treasurer and in his or her custody or possession to be examined from time to time by such auditor or auditors as the Board shall direct.

SECTION 3.6 Powers and Duties of Assistant Secretary and Assistant Treasurer.

The Assistant Secretary and Assistant Treasurer, if elected, shall possess the powers and may perform the duties of the Secretary and of the Treasurer, respectively, in case of their absence or disability; and shall do and perform such other duties as may be from time to time assigned to them by the Board. The Assistant Secretary and the Assistant Treasurer need not be members of the Board.

SECTION 3.7 Executive Director

The Executive Director is employed as the chief executive officer of the Authority with the title of Executive Director. The Executive Director shall perform such duties and exercise such powers as are typically attendant to a chief executive officer of a public entity including but not limited to (a) carrying forth the decisions and policies of the Board, (b) supervising the staff of and consultants to the Authority, (c) managing the day to day operations of the Authority, (d) assisting the appropriate committees of the Board in the performance of their functions, and (e) making recommendations to the Board as to matters of policy. As a part of the Executive Director's performance of his or her duties, the Executive Director may accept writing and speaking assignments, attend seminars and conferences related to the duties of his or her position or the activities of the Authority, and engage in such other activities which are of a short term duration. The Executive Director shall report to the Board and accept the direction of the Board. In the day to day operations of the Authority, the Executive Director shall report to the Chairman of the Authority and other members of the Board shall make requests of the Executive Director through the Chairman. The Executive Director may attend all meetings of the Board (and of committees of the Board) excepting only those meetings which are lawfully closed to the public and which concern evaluation, compensation or termination of the Executive Director. The

Executive Director shall have the right to speak, but not to vote, on all matters considered at any meeting which he or she attends.

SECTION 3.8 Compensation; Bonds.

The Salaries and compensation (if any) of the employees, agents and servants of the Authority shall be fixed by the Board. The employees, agents and servants of the Authority shall give bond, conditioned upon the faithful performance of their duties, at the cost of the Authority, if, and in such amounts, as from time to time shall be approved by the Board.

SECTION 3.9 Resignations and Vacancies.

Any officer of the Board may resign at any time by giving written notice to the Secretary. Such resignation shall be made in writing and shall take effect at the time specified in the notice. If no time is specified, the resignation shall take effect from the time of its receipt by the Secretary, who shall accept such resignation, noting the day of its reception. The acceptance of a resignation shall not be necessary to make it effective. Any officer of the Board may resign at any time by giving oral notice to the Board at a meeting at which a quorum is present.

If any office of the Board becomes vacant for any reason, the Board shall promptly choose a successor who shall hold office for the unexpired term in respect of which such vacancy occurred.

**ARTICLE 4
CHECKS, NOTES, INVESTMENTS, ETC.**

SECTION 4.1 Methods of Paying, Endorsing, Authorizing, Etc.

Payments shall be made by drafts, checks or other orders, all of which shall be signed by any two of the officers (including the Executive Director as an officer) of the Board. Payments may be made of salaries, rent and other similar periodic expenses prior to specific Board approval of the particular check provided that the Board has previously approved the amount of the expense and the Board subsequently ratifies the list of such payments. Bills receivable, drafts and other evidences of indebtedness to the Authority shall be endorsed for the purpose of discount or collection by the Treasurer or such other officer or officers of the Authority as the Board shall from time to time by resolution designate. No bonds, bills or notes shall be executed by or on behalf of the Authority unless the Board shall by resolution authorize the same.

SECTION 4.2 Investments.

Funds of the Authority shall be invested and reinvested in United States Federal government insured accounts by the Executive Director in accordance with the Act. Other investments shall be as approved by resolution of the Board.

ARTICLE 5
INDEMNIFICATION

SECTION 5.1 Legal Representation.

(a) The Authority upon written request shall provide legal representation to any person who was or is a Board Member, employee, agent or servant of the Authority when an action is threatened or brought against such person and it is alleged that the acts of omissions which gave rise to the claim were within the scope of the office or duties of such person, unless or until there is a judicial determination that such acts or omissions were not within the scope of the office or duties of such person.

(b) The Authority upon written request may, but is not obligated to, provide legal representation to any person who was or is a Board member, employee, agent or servant of the Authority when an action is threatened or brought against such person and it is not alleged that the acts or omissions which gave rise to the claim were within the scope of the office or duties of such person.

(c) If pursuant to Section 5.1 (b) above, the Authority does not provide legal representation, the Authority shall reimburse any present or former Board member, employee, agent or servant of the Authority for reasonable expenses of such person's legal defense if there is a judicial determination that the acts or omissions were, or that such person in good faith reasonably believed that such acts or omissions were, within the scope of such person's office or duties; provided, however, that the Authority need not reimburse such person when there is a judicial determination that such acts or omissions constituted a crime, actual fraud, actual malice or willful misconduct.

(d) In any instance where the Authority provides legal representation to a present or former Board member, employee, agent or servant of the Authority, the Authority shall assume exclusive control of the defense. If legal counsel provided by the Authority determines that the interests of the Authority and the present or former Board member, employee, agent or servant are conflicting, the Authority shall obtain the written consent of such person for such representation or supply independent representation.

SECTION 5.2 Indemnity.

(a) The Authority shall indemnify any person who was or is a Board member, employee, agent, or servant of the Authority for the payment of any judgment on a suit where it is judicially determined that such person's acts or omissions caused the injury and were, or such person in good faith reasonably believed such acts or omissions were, within the scope of his or her office or duties; provided, however, if it is judicially determined that such acts of omissions constituted a crime, actual fraud, actual malice or willful misconduct, the Authority may withhold indemnification pursuant to Section 5.2(b) below.

(b) The Authority shall indemnify any person who was or is a Board member, employee, agent or servant of the Authority against all reasonable costs and expenses (including without limitation judgments, penalties, fines, amounts paid in settlement, etc) incurred in any actual or threatened investigation or proceeding (whether civil, criminal, administrative or otherwise) if such person, in acting as a Board member, employee, consultant, agent or servant of the Authority, (i) acted in good faith, and (ii) in a manner such person believed to be in the best interest of the Authority, and (iii) with respect to criminal matters, without knowledge that such actions were unlawful. As to (i) and (ii) above, it shall be presumed that a person acted in good faith and in a manner such person believed to be in the best interest of the Authority unless and until it shall be finally adjudged that such person acted in a manner which such person knew not to be in good faith or knew not to be in the best interests of the Authority; or the Authority (x) shall determine that such person acted in a manner which such person knew not to be in good faith or knew not to be in the best interests of the Authority, and (y) shall have received the opinion of its independent counsel that indemnification may be improper under the circumstances. As to (iii) above, a conviction or judgment (whether after trial or based on a plea of guilty or nolo contendere or otherwise) shall not be deemed an adjudication adverse to the person to be indemnified unless it shall also be adjudged in such conviction or judgment that such person knew such actions to be unlawful.

(c) It is the intent and obligation of the Authority to indemnify each former and present Board member, employee, agent or servant in accordance with this indemnity provision and to the maximum extent permitted by law. If any portion of this Article 5 is declared to be illegal or unenforceable, then the remaining portions of this Article 5 shall be interpreted so as to provide the maximum indemnity permitted by law.

(d) Any person entitled to indemnity pursuant to this Section 5.2 shall, as a precondition to such indemnity, inform and consult with the Authority prior to incurring any cost or expense for which indemnity is requested. Payment of expenses to be indemnified shall be made as and when incurred by the person to be indemnified, except as otherwise directed by the Authority.

SECTION 5.3 Additional Rights.

The obligations of the Authority as set forth in this Article 5 shall:

(a) be in addition to and supplemental to any rights of indemnity pursuant to any insurance contracts;

(b) be in addition to and supplemental to any right of indemnity pursuant to the “Political Subdivisions Tort Claims Act” or any other right to indemnity; and

(c) not constitute a waiver of any immunity which might be available to the person entitled to indemnity.

SECTION 5.4 Obligation to Cooperate.

The obligations of the Authority under this Article 5 are conditioned upon the cooperation with the Authority of the person benefited by the provisions of this Article 5; and in

the event such person shall fail or refuse to cooperate with the Authority as reasonably requested by the Authority, then the Authority may recover all costs and expenses expended on behalf of such person.

**ARTICLE 6
MISCELLANEOUS**

SECTION 6.1 Annual Examination of Records.

The financial records of the Authority shall be kept on a fiscal year basis. The financial records, books and accounts of the Authority shall be examined annually during the first three months of the fiscal year by a certified public accountant who shall be designated by resolution of the Board. Such annual examination shall cover the immediately preceding year.

SECTION 6.2 Records; Documents.

There shall be kept at the principal office of the Authority an original or duplicate record of the proceedings of the Board and of each committee, the original or a copy of the Authority's Articles of Incorporation and By-laws, including all amendments and alterations thereto, and the financial records, books and accounts of the Authority.

SECTION 6.3 Disposition of Property upon Termination.

Upon termination or dissolution of the Authority, any property or assets of the Authority shall be conveyed and transferred to the City of Lancaster, Commonwealth of Pennsylvania.

SECTION 6.4 Effective Date.

These By-laws shall become effective October 17, 2012.