

**BYLAWS
OF
THE LOUISVILLE DOWNTOWN MANAGEMENT DISTRICT**

ARTICLE I

CREATION OF THE MANAGEMENT DISTRICT

1.1 Name. There is established pursuant to KRS 91.750-.762 and Chapter 160 of the Louisville/Jefferson County Metro Government Code of Ordinances ("Code of Ordinances"), a management district to be known as the "Louisville Downtown Management District" (hereinafter referred to as the "District") for the purpose of providing and financing economic improvements that specially benefit property within the District.

1.2 Boundaries. The boundaries of the District are designated by the map attached hereto as Attachment "A".

1.3 Location of Offices. The principal office of the District shall be located at 401 S. Fourth Street, Suite 555, Louisville, Kentucky 40202, or such other location as the Board of Directors may hereafter designate.

ARTICLE II

BOARD OF DIRECTORS

2.1 General Powers. The District shall constitute a body corporate, with the power to sue and be sued and to contract and be contracted with. The affairs of the District shall be managed and controlled by a Board of Directors. The Board of Directors may from time to time delegate such authority pursuant to the provisions of these Bylaws or in such other manner as may be permitted under applicable law.

2.2 Specific Powers. In addition to the powers set forth in KRS 91.750-.762 and Chapter 160 of the Code of Ordinances, the Board of Directors shall have all powers necessary and proper to conduct the affairs of the District, including but not limited to the power to:

A. Transact business on behalf of the District;

B. Make bylaws and rules for the regulation and management of the affairs of the District, including but not limited to rules and regulations governing the investment and disbursement of funds;

C. Borrow money on a short term or long-term basis, or any combination thereof, in an amount not to exceed \$500,000, as required;

D. Hold funds in the name of the District;

E. Receive grants, donations and gifts in furtherance of the economic improvement objectives of the District in addition to funds from assessments;

F. Prepare and recommend a Budget to the Metro Council;

G. Implement the Economic Improvement Plan adopted by the Board of Directors;

H. Make policy for the operation of the District; and

I. Manage the fiscal affairs of the District.

2.3 Economic Improvements. The Board of Directors may undertake the following economic improvements within the District:

A. The planning, administration and management of development or improvement activities;

B. Landscaping, maintenance and cleaning of public ways and spaces;

C. The promotion of commercial activity or public events;

D. The conduct of activities in support of business recruitment and development;

E. The provision of security for public areas;

F. The construction and maintenance of capital improvements to public ways and spaces; and

G. Any other economic improvement activity that specially benefits property within the District.

2.4 Composition of Board. The Board of Directors shall be composed of not more than forty-five members. At least two-thirds (66.7%) of the total number of Board members shall be property owners and/or representatives of property owners within the District. The remaining

members of the Board, excluding the ex officio members, may also be property owners or representatives of property owners within the District and may include tenants within the District. Members of the Board of Directors shall be appointed as follows:

A. The Executive Committee of the Board shall nominate individuals for membership on the Board and submit such names to the Mayor and Metro Council no less than sixty (60) days prior to the end of each calendar year. The Mayor, with the approval of the Metro Council, shall appoint the members of the Board. Appointment shall be made so as to take into account the demographic characteristics of the District, including, but not limited to, race, sex, geographic location and business size. Appointments shall include at least the following:

- [i] an owner or manager of retail business;
- [ii] an owner or manager of residential property;
- [iii] an office building owner or tenant;
- [iv] a parking facility owner or manager;
- [v] an owner or operator of a hotel or lodging facility;
- [vi] an owner or operator of restaurant or food service facility.

B. Ex officio members on the Board shall be as follows:

- [i] The Mayor or his designee;
- [ii] the Director of the Department of Public Works or that Department's successor;
- [iii] the senior officer in command of the police District which includes the District;
- [iv] the Executive Director of the Downtown Development Corporation or that Corporation's successor;
- [v] any Metro Council member whose political district boundary, in whole or in part, lies within the District boundary.

2.5 Term of Office. The initial Board of Directors shall be comprised of one-third of such members serving a one-year term, one-third of the members serving a two-year term, and one-third of the members serving a three-year term. The initial term for each member of the initial Board of Directors shall be determined by lot. Thereafter, members of the Board of

Directors shall be appointed for three (3) year terms. Any member of the Board who has served for any two (2) successive three (3) year terms must rotate off the Board of Directors for a one (1) year period before being eligible again to become a member of the Board of Directors.

2.6 Vacancies and Removal. Any member of the Board of Directors appointed by the Mayor may be removed by the Mayor for cause. Any member of the Board of Directors may be removed by the Mayor for violation of the rules, regulations or operating procedures adopted by the Board of Directors if the removal is recommended by a majority of the members of the Board of Directors. A vacancy, whether occurring as a result of resignation, removal or otherwise, shall be filled for the unexpired term in the same manner as the original appointment. A member of the Board of Directors who ceases to meet the qualifications for being a member thereof shall have his status as a continuing Board member terminated, with the approval of his current employer, at the end of the calendar year in which he ceases to meet the qualifications for being a member of the Board.

2.7 Meetings. The Board of Directors shall hold regular meetings no less frequently than quarterly throughout the year at such times and locations as may be designated by the Chair by written notice mailed or delivered personally to each Director at least five (5) days prior thereto. The Board of Directors may hold an annual meeting each year at its discretion. Special meetings of the Board may be called at the discretion of the Chair or upon written request of not less than six (6) members of the Board of Directors by written notice mailed or delivered personally to each Director at least five (5) days prior thereto.

2.8 Quorum and Voting. The actual presence of at least ten (10) members shall constitute a quorum for all regular and special meetings of the Board of Directors. All members of the Board of Directors, including ex officio members, shall have one vote. Except as may be otherwise provided herein, the act of a majority of members in attendance at a Board of Directors meeting at which a quorum is present shall be the act of the entire Board of Directors. A Director may not send a substitute to attend a meeting in his or her stead. A Director may designate another member of the Board of Directors to cast his or her vote by written proxy on

any matter to come before the Board of Directors by delivering the same to the Secretary or the Chair at any time prior to the meeting.

ARTICLE III

EXECUTIVE AND OTHER COMMITTEES

3.1 Executive Committee. There is hereby continued in existence an Executive Committee consisting of the Chairman, Vice Chairman, Secretary and Treasurer of the Board of Directors and such other members of the Board of Directors as shall be selected by the Chairman. When the Board of Directors is not in session, the Executive Committee shall have and may exercise, as it has done in the past, all the authority of the Board of Directors, (i) except to the extent, if any, that such authority may be limited by the Board of Directors from time to time, and (ii) except that the Executive Committee shall not have the authority of the Board of Directors with regard to amending, altering or repealing the bylaws; to electing, appointing or removing any member of any committee of the Board of Directors or any director of the Board of Directors; to adopting a plan of merger or adopting a plan of consolidation with another entity or corporation; to authorizing the sale, lease, exchange or mortgage of all or substantially all of the property and assets of the District; to authorizing the voluntary dissolution of the District or revoking proceedings therefore; to adopting a plan for the distribution of the assets of the District; or to amending altering or repealing any resolution of the Board of Directors which by its terms provides that it shall not be amended, altered or repealed by the Executive Committee. The actual presence of at least one-half of the members of the Executive Committee shall constitute a quorum for all regular and special meetings.

3.2 Other Committees. The Board of Directors may, in its discretion, establish such other committees as it deems necessary or prudent to assist it in carrying out the objectives of the District. Such committees may include, but are not limited to: an Advisory Committee, a Nominating Committee and such other committees as the Board of Directors shall deem

necessary to assist it in marketing, maintenance, security and other District functions and activities authorized by law. Any committee so established shall have such duties, responsibilities, authority and duration as may be delegated to it pursuant to these Bylaws or pursuant to a resolution of the Board of Directors; provided, however, that the authority so delegated shall not be in excess of that which is permissible under applicable law. The Chairman and Vice Chairman of each such committee shall be members of the Board of Directors. At least two-thirds of the members of these committees shall be members of the Board of Directors and/or tenants and owners, or representatives of owners, of properties within the District's boundaries. The actual presence of at least one-half of the members of any such committee established by the Board of Directors shall constitute a quorum for all regular and special meetings of such committees.

ARTICLE IV

OFFICERS AND MANAGEMENT

4.1 Positions. The officers of the District shall be a Chair, a Vice Chair, a Secretary and a Treasurer. The office of Secretary and Treasurer may be held concurrently by the same member at the discretion of the Board of Directors.

4.2 Chair. The Chair shall supervise the affairs of the District and shall preside at all meetings of the Board of Directors. The term of the office of Chair shall be one year.

4.3 Vice Chair. The Vice Chair shall assist the Chair as requested and shall preside at meetings of the Board of Directors in the absence of the Chair. The term of the office of Vice Chair shall be one year.

4.4 Secretary. The Secretary shall keep the records of the District, act as secretary of the meetings of the District, record all votes and proceedings of the District, keep a journal of proceedings to be maintained for such purpose and perform all duties incident to the office. The term of the office of Secretary shall be one year.

4.5 Treasurer. The Treasurer shall render to the District, no later than one hundred twenty (120) days after the end of the District's fiscal year, an unaudited annual financial report showing the financial condition of the District and such other services to the District as are usually incidental to the office. The term of the office of Treasurer shall be one year. The Treasurer shall have custody of all funds of the District and shall deposit same in the name of the District in such bank or banks or other financial institutions as the Board of Directors may select. All funds of the District which are deposited in a designated depository as well as all funds deposited with any fiscal agent shall be withdrawn, substituted for, or released, only upon the check, draft, note, order or written consent of the signature of either the Chair or the Treasurer, or as otherwise established by the Board of Directors or the Executive Committee.

4.6 Day-to-Day Management. The District shall provide for the management and administration of its day to day activities and assistance to the officers and members of the Board of Directors in carrying out their responsibilities. Management and administrative support services shall include:

A. Procurement at the District's expense of security, maintenance and marketing services from vendors, administration of related contracts and supervision related to contract compliance and quality assurance;

B. Training activities for support services delivery;

C. Development of an annual Economic Improvement Plan as required by KRS 91.758 and Chapter 160 of the Code of Ordinances, including evaluation of program effectiveness and monitoring the level of services provided to the District;

D. Provision of administrative support to the Board of Directors, including preparation of the annual Budget and Annual Report;

E. Maintenance of all financial and administrative records, and retain at the District's expense a certified public accounting firm to conduct an annual audit of the District's financial statements;

F. Procurement at the District's expense of liability insurance needed to cover all operations; and

G. Provision of a conveniently located, fully equipped office with space for District meetings, dedicated phone service, including answering and facsimile capabilities, and office supplies, postage and incidentals.

4.7 Election of Officers; Vacancy. The officers of the District for each year beginning on January 1st shall be appointed by the Board of Directors at the next meeting of the Board of Directors immediately following the Metro Council's approval of new and reappointed members of the Board. The terms of office of the newly-appointed officers shall commence on the date his or her appointment to such office becomes effective. Except in the event of resignation or removal, each officer shall serve until his or her successor is appointed. If a vacancy occurs in any office, the Board of Directors shall appoint a successor to fill the unexpired term of such officer.

ARTICLE V

BUDGET, ECONOMIC IMPROVEMENT PLAN AND ASSESSMENT

5.1 Budget and Economic Improvement Plan. The Board of Directors shall prepare an Economic Improvement Plan which shall describe the economic improvements of special benefit to real property within the District to be undertaken the next year. Not later than two months prior to the beginning of each year, the Board of Directors shall prepare and submit to the Metro Council, for its approval, a Budget for the District for the costs of providing the economic improvements. The annual Budget shall be presented in such form as shall be required by the Department of Finance and Budget of Metro Louisville. The Board of Directors shall not take any action or expend any funds pursuant to the proposed Budget until such time as it is approved by the Metro Council. If the Metro Council fails to approve the proposed Budget as of the first day of the new year, the Budget of the previous year shall have full force and effect as if readopted until such time as a Budget is approved for the new year. Upon approval of the

annual Budget, the Board of Directors shall publish both it and the Economic Improvement Plan pursuant to KRS Chapter 424 and shall mail by first class mail to each owner of benefited real property within the District a description of the Plan, the fair basis of assessment to be utilized, the estimated cost of the property owner, and the ratio that the cost of each property owner bears to the total cost of the economic improvements.

5.2 Special Assessments.

(a) The Board of Directors shall provide in the annual Budget for the imposition of a rate of special assessment on all benefited real property within the District. Such rate shall be a rate that, when rounded to the next higher one-hundredth of one cent (\$0.0001), produces revenues sufficient to finance the economic improvements to be undertaken pursuant to the annual Economic Improvement Plan. Special assessments for the economic improvement shall be ratably apportioned among the benefited real property within the District based on the assessed values of such real property as determined by the Jefferson County Property Valuation Administrator (the "PVA") in relation to the total assessed value of all benefited real property within the District. Properties owned and used by the Federal Government, the Commonwealth of Kentucky or any political subdivision of the state shall not be assessed. The District may contract with the owners of any property exempt from special assessment for the provision of District services to such properties.

(b) No later than the first of June, the Executive Committee shall obtain from the PVA a copy of the first recapitulation of the District's real property tax roll prepared pursuant to KRS 133.040(1) and, with respect to those parcels whose valuation has been appealed, the taxpayer claimed values as specified in KRS 133.120(9) or final values determined pursuant to a settlement of the appeal. The Executive Committee shall use these items to calculate a preliminary rate of special assessment for the annual Budget. Upon certification by the Kentucky Department of Revenue of the Jefferson County tax roll, the Executive Committee and Board of Directors shall obtain a copy of the District's final tax roll and calculate the final rate of special assessment.

5.3 Collection. The Board of Directors may enter into an agreement with Metro Louisville for the collection of the assessments or otherwise provide for the collection of such assessments. The penalties and interest applicable to delinquent taxes shall be applied to delinquent assessments.

5.4 Contested Special Assessments.

(a) Any owner of a benefited real property may contest the amount of the special assessment or the inclusion of his or her real property, provided that the assessed value determined by the PVA shall be conclusive as to the value of the property unless the property owner has successfully appealed the amount of the assessment pursuant to KRS 133.120. All contests shall be in writing and shall be filed with the Board of Directors no later than thirty (30) days after receiving notice of the assessment.

(b) A contesting property owner shall have the right to appear before the Board of Directors and present evidence. A record shall be made of the proceedings and the Board of Directors shall render a written decision. The decision of the Board of Directors may be appealed to the Circuit Court.

5.5 Liens Created by Special Assessments. The amount of the outstanding special assessment on any real property, together with accrued interest and other charges, shall constitute a lien on the property. The lien shall take precedence over all other liens, whether created prior to or subsequent to the assessment, except a lien for state and county taxes, general municipal taxes, and prior improvement assessments, and shall not be defeated or postponed by any private or judicial sale, by any mortgage, or by any error or mistake in the description of the property or in the names of the owners. No error in the proceedings of the Metro Council or the Board of Directors of the District shall exempt any property from the lien for the economic improvement special assessment, or from payment thereof, or from the penalties or interest thereon, as herein provided.

5.6 Rate of Special Assessment. The Board of Directors may not impose an annual rate of special assessment greater than that provided for in Subsection G of Section 160.03 of the

Code of Ordinances. Any increase in the rate of special assessment, other than for a cost of living increase as set forth in the Ordinance, must be approved by the affirmative vote of at least two-thirds of all members of the Board of Directors.

ARTICLE VI

MISCELLANEOUS

6.1 Annual Audit. The Board of Directors shall, within ninety (90) days following the end of the fiscal year, contract with a certified public accountant to prepare an audit of all funds controlled by the Board of Directors. A copy of the audit report shall be furnished to the Metro Council and the Department of Finance and Budget of Metro Louisville.

6.2 Annual Report. The Board of Directors shall prepare an annual report to the owners of benefited properties within the District evaluating the District's effectiveness and describing its accomplishments during the preceding fiscal year. The report shall be sent to the owner of each benefited property at such time that the annual Economic Improvement Plan and Budget is sent. A copy shall also be provided to the Metro Council.

6.3 Indemnification. The District shall indemnify and may advance expenses to any Director, officer, employee or agent of the District who is, was, or is threatened to be, made a defendant or respondent to any threatened, pending or completed action, suit or proceeding whether civil, criminal, administrative or investigative (a "Proceeding") by reason of the fact that he or she is or was a Director, officer, employee or agent of the District. Such indemnification and advances of expenses shall be to the fullest extent that is permitted or required by the statutes of this Commonwealth of Kentucky and all other applicable law. In addition to the foregoing, the District shall, by action of the Board of Directors, have the power to indemnify and to advance expenses to all Directors, officers, employees or agents of the District who are, were or are threatened to be made a defendant or respondent to any Proceeding, in such amounts, on such terms and conditions, and based upon such standards of conduct as the Board of Directors may deem to be in the best interests of the District.

6.4 Indebtedness. Without the prior approval of at least two-thirds of the property owners within the District, the District shall not incur any indebtedness which, by the terms of such indebtedness or by operation of law, the property owners would be directly obligated to repay if the District defaults in the repayment thereof.

6.5 Affirmative Action. The Board shall have an affirmative action plan consistent with Ordinance No. 140, Series 1988, of Metro Louisville for the hiring of any consultants or employees. The Board shall not discriminate on the basis of race, sex, color, creed, or national origin, in any of its operations and shall include such prohibition in all of its contracts.

6.6 Fiscal Year. The fiscal year of the District shall begin on January 1 and shall end on December 31.

6.7 Amendments. These Bylaws may be amended from time to time as deemed appropriate or necessary by a vote of the majority of all members of the Board of Directors upon thirty (30) days written notice to Directors, which notice shall contain the proposed amendment(s) and the date, time and place of the meeting to consider such amendments; provided, however, that any amendment of the Bylaws which alters the voting requirement set forth in Section 5.6 with respect to the rate of property assessment shall require the affirmative vote of at least two-thirds of all members of the Board of Directors.

6.8 Termination. The District shall be terminated as provided for in KRS §91.762(2).

6.9 Distribution of Excess Funds Upon Termination or Dissolution. Upon termination of the District any remaining excess funds from assessments paid by property owners shall be distributed pursuant to KRS 91.762(3).

CERTIFICATE

It is hereby certified that the foregoing Bylaws of the Louisville Downtown Management District were duly adopted by the Board of Directors this ____ day of _____ 2010.



Secretary

Adopted: September 19, 1991
Amendment #1 August 13, 1992
Amendment #2 December 9, 1993
Amendment #3 October 13, 1994
Amendment #4 January 18, 2007
Amendment #5 September 20, 2007
Amendment #6 November 18, 2010