

PURCHASE AREA DEVELOPMENT DISTRICT

BY-LAWS

ARTICLE I

AUTHORITY

SECTION I: Name and Purpose

This organization shall be known as the Purchase Area Development District, Inc., duly incorporated as a non-profit corporation existing under and by virtue of the laws of the Commonwealth of Kentucky, and its purpose shall be to promote and develop the economy, health, education, and general welfare of the people of the eight (8) counties of the Purchase Area of Kentucky, consisting of the following counties west of the Tennessee River: Ballard, Calloway, Carlisle, Fulton, Graves, Hickman, Marshall, and McCracken. The Purchase Area Development District organization shall consist of a District Board of Directors of no less than thirty-one (31) Directors, as described in Article II; and an Executive Committee of no less than nine (9) members, as described in Article IV, and an Advisory Committee as described in Article IV.

ARTICLE II

BOARD OF DIRECTORS

SECTION I: Memberships, Ex Officio, Voting (by virtue of their office)

The Board of Directors shall be composed of at least fifty-one percent (51%) elected officials (Ex Officio, Voting members).

Ex Officio, Voting membership of the Purchase Area Development District Board of Directors shall consist of the following:

- A. The County Judge/Executive of each member county or his designee.
- B. The Mayors of Wickliffe, Murray, Bardwell, Fulton, Hickman, Mayfield, Wingo, Clinton, Paducah, Benton and Calvert City or his/her designee.
- C. Any member of the Kentucky General Assembly may serve in a nonmember advisory capacity to the Board of Directors.
- D. The Chairman of each of the standing committees and task forces authorized by the Board shall be a member of the Board of Directors.

The County Judge/Executive and Mayors designated or selected to the Board of Directors may designate in writing alternates and/or designees to represent their interest on the Board of Directors. A person so designated shall serve at the pleasure of the elected official who designated him and any action taken or vote cast by a designated alternate and/or designee shall be considered the action or vote of the elected official. Alternates and/or designees shall have the same prerogatives afforded other Board members including travel privileges. Alternates and/or designees who are elected officials must meet the requirements of citizen members as set out hereinafter.

SECTION II: Membership, Citizen

The Board of Directors shall be composed of no more than forty-nine percent (49%) citizen members. The Citizen Directors shall be residents of the District, residents of the political jurisdiction from which they are appointed, and shall be broadly representative of the population, with members being chosen from the following suggested categories.

- A. Public and Private Education
- B. Area and County Development Councils
- C. Social and Religious Organizations

- D. Health and Welfare
- E. Professional (doctors, lawyers, engineers, etc.)
- F. Labor
- G. Low Income
- H. Agriculture
- I. Minority
- J. Civic Organizations
- K. Business and Industry
- L. Other

The Board of Directors shall have no less than four (4) minority representatives.

Minority members shall be appointed jointly by the County Judge/Executive and the Board Member Mayor(s) from each of the four counties with the highest percentage of minority population and shall be updated every 10 years when the census is released.

The term of membership shall be as set forth in Article III, Section IV, Paragraphs B and C.

Under the provisions outlined previously, the following citizen board membership shall exist:

- A. One Citizen Member shall be authorized for appointment by each County Judge/Executive in the District.
- B. One Citizen Member shall be authorized for appointment by each Mayor of Mayfield, Murray and Paducah..

The Executive Director shall notify in writing the appropriate County Judge/Executive and/or eligible Mayor thirty (30) days prior to the expiration of a citizen member's term of office. In the event that any County Judge/Executive or eligible Mayor fails to appoint a qualified citizen member in sixty (60) days after the June meeting, the Board of Directors shall fill such positions after thirty (30) days written notification from the Chairman.

Section III: Participation

In the normal conduct of the Purchase Area Development District business, citizens of the Purchase, participating state and federal agencies, state and federal governments, the general public, and official agents or any of the aforementioned are invited to participate and/or have reasonable access to the records and proceedings of the District.

Section IV: Officers of the Board

A. There shall be a Chairman, Vice-Chairman, Secretary, Treasurer, and other such officers as the Board may deem advisable. The office of Secretary and Treasurer may be combined. The officers of the Board of Directors shall be the respective Officers of the Executive Committee of the Purchase Area Development District. Each officer shall be elected for a term of one (1) year. No member shall be eligible to hold more than one (1) office at a time, and no officer shall be eligible to serve more than two (2) full terms consecutively in the same office. Officers shall perform such duties as may be prescribed by the Board of Directors.

B. The Board of Directors shall elect its own officers at the next meeting after the June meeting of the Purchase Area Development District. At the June meeting, the Chairman shall appoint a nominating committee that shall present at least one slate of officers for consideration and may recommend other offices and respective nominees. Officers shall remain in office until their successors have been elected, their qualifications determined, and they have been duly accepted at a regular meeting of the total Board. In the event of any vacancy occurring during the period for which an officer has been elected, the Chairman may,

with the consent of the Board, fill such vacancy for the unexpired term at any regular meeting or any special meeting of the Board.

C. Removal of any officer may be rendered at any time for just cause by a two-third (2/3) vote of the Board of Directors.

ARTICLE III

MEETINGS OF THE BOARD

SECTION I: Annual Meeting

The annual meeting of the Board of Directors of the Purchase Area Development District shall be held on the third Monday in July of each year at such time and place as may be determined and duly announced in notice of such meeting.

SECTION II: Regular and Special Board of Directors Meetings

Regular meetings of the full membership of the Purchase Area Development District Board of Directors shall be held on the third Monday in each month, with the annual meeting designated in July, except that for just cause any meeting may be cancelled or changed to another date with seven (7) days notice by electronic means or, by written request, through US mail (or twelve (12) hours notice by telephone for severe weather only).

SECTION III: Notice of Meetings

Notice of all regular and special meetings shall be mailed to each member of record at least seven (7) days prior to the meeting. Notices shall be sent via US mail by written request.

SECTION IV: Designation and Removal of Citizen Directors

A. Citizen directors to the Board shall be designated by the respective Judge/Executive and Mayor in June of each year as the respective Vacancies occur when terms expire.

B. The Citizen Directors shall hold office for a period of three (3) years and be staggered by lot. Citizen Directors may serve consecutive terms.

C. Any Citizen Board Member who misses three (3) consecutive unexcused meetings of the Board shall be contacted by the Chairman, whereupon the Chairman may declare that membership vacant, and request the appropriate appointing authority to replace the member.

SECTION V: Functions of the Board of Directors

The District Board of Directors shall establish policies and supervise multi-county planning and development activities in accordance with federal, state, and local laws, and according to its own directives.

SECTION VI: Quorum and Proxy

A. A quorum shall be necessary for transacting any business at any meeting of the Purchase Area Development District Board of Directors or Executive Committee. A quorum for any Board Meeting shall consist of a simple majority of the full membership. At any Board meeting when a quorum of the Board is not present, the Chairman may call for a quorum of the Executive Committee and, if present, may transact any business except as limited by Articles V and VII of these By-Laws.

- B. The use of proxy vote is permitted, as provided hereinafter:
1. Board members may designate proxy for any regularly scheduled or special meeting held within the District, provided the Chairman is notified prior to such meeting.
 2. Members may appoint, in writing, a permanent proxy to serve until such time as the member rescinds the appointment, in writing.
 3. Written documentation of proxy shall be affixed to the Minutes of that meeting.
 4. Proxy may be authorized for any resident of the Purchase District.
 5. No person shall be allowed more than one vote. Proxy shall be counted in the determination of quorum when the aforementioned requirements are met.

ARTICLE IV

RELATIONSHIPS WITHIN THE AREA DEVELOPMENT DISTRICT

SECTION I: Executive Committee

The Area Development District shall have an Executive Committee which shall have full responsibility and authority to act for and on behalf of the Board of Directors in the interim between Board meetings for the said Board and standing committees, except where a Board meeting is required by these By-Laws. The Executive Committee shall meet on call of the Chairman according to the requirements of Article III, Section III.

SECTION II: Executive Committee Representation

The Executive Committee shall consist of the officers of the Purchase Area Development District, chairmen of standing committees and task forces, one director from each county not otherwise represented and one additional director from the county of the Chairman if the Chairman is the only representative from that particular county. Such directors shall be chosen by the membership of their respective counties. One minority representative shall be a member of the Executive Committee. A simple majority of the Executive Committee shall constitute a quorum.

SECTION III: Personnel and Finance Committee

The Personnel and Finance Committee shall consist of the officers of the Purchase Area Development District Board of Directors and one member appointed by the Chairman of the Board. The Personnel and Finance Committee shall assist the Executive Director in the screening of applicants, employing staff, and shall oversee the budget and other financial affairs of the District.

SECTION IV: Standing Committees and Task Forces

The Area Development District shall have responsibility for educational and organizational functions necessary for creating awareness, interest, and motivation of the general public to its opportunities and responsibilities in the overall development of the area. The Purchase Area Development District may have standing committees to serve the Board in areas that require a concentration of time and effort. Prior to the official organization of standing committees, the Board may utilize task forces with full committee power in any

functional area until a full standing committee is organized and sanctioned. The Chairman of any task force or committee shall be appointed by the Chairman of the Board with concurrence of the Board of Directors. Task force or committee members are appointed by either the member mayors or county judge/executive or jointly by the judge/executive and member mayors. The By-Laws of each standing committee are subject to the approval of the Board of Directors. All committees and task forces shall have membership in accordance with the following distribution:

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|----|------------------|------------|------------------------------------------------------------------------------------------|
| A. | McCracken County | 5 members: | 2 by the judge/executive;
2 by the mayor of Paducah;
1 jointly |
| B. | Marshall County | 3 members: | 1 by the judge/executive;
1 by the mayor of Benton;
1 by the mayor of Calvert City |
| C. | Calloway County | 3 members: | 1 by the judge/executive;
1 by the mayor of Murray;
1 jointly |
| D. | Graves County | 3 members: | 1 by the judge/executive;
1 by the mayor of Mayfield and
1 by the mayor of Wingo |
| E. | Fulton County | 2 members: | 1 by the judge/executive;
1 jointly by the two mayors of
Fulton and Hickman |
| F. | Hickman County | 2 members: | 1 by the judge/executive;
1 by the mayor of Clinton |
| G. | Carlisle County | 2 members | 1 by the judge/executive;
1 by the mayor of Bardwell |
| H. | Ballard County | 2 members: | 1 by the judge/executive;
1 by the mayor of Wickliffe |

If the appointing authorities cannot agree on a joint appointment, the appointing authorities may alternate the joint appointment. The committees and task forces shall have 22 voting members. The Board may approve any variations of these membership guidelines, for just cause.

The Purchase Area Development District may have standing committees or task forces to deal with the following subject areas:

- A. Health
- B. Children and Family Services
- C. Natural Resources
- D. Environmental Protection
- E. Transportation
- F. Education and the Arts
- G. Community Services
- H. Manpower
- I. Aging
- J. Criminal Justice
- K. Other by action of the Board of Directors

The Vice Chairman of the Board of Directors shall annually convene a selection committee to fill and/or certify the membership of committees and task forces.

This selection committee shall be composed of the officers of the Board and the Chairmen of all committees and task forces; it will be chaired by the Vice Chairman of the Board.

Before May 1 of each year, the selection committee shall request of all committee and task force chairmen any vacancies on their respective committees or task forces.

Between May 14 and June 21 of each year, the selection committee will solicit names for these vacancies from the respective elected officials. The Judge/Executive and each member Mayor from the county from which the vacancy (ies) occur will be entitled to submit one or more names.

From the solicited names, the selection committee will suggest a slate of 22 voting members to serve for the proceeding year on each committee and task force. These slates will be subject to certification and/or approval by the Board of Directors.

SECTION V: Task Force and/or Committee Purposes and Program Activity

The authorization, purpose, responsibilities, and authorities of each Task Force and/or Committee shall be determined within the structure and policies of the Board by each respective Task Force and/or Committee with the concurrence of the Executive Director as he implements the policies of the Board.

SECTION VI: Certified Development Company (CDC)

Pursuant to 13 CFR 120.823, The Board of Directors shall meet at least quarterly and shall be responsible for CDC staff decisions and actions and shall have and exercise all corporate powers and be responsible for all corporate actions and business. The Board is responsible for ensuring that the structure and operation of the CDC, as set forth in the Bylaws comply with SBA's Loan Program Requirements. The Board of Directors will be actively involved in encouraging economic development and at a minimum; the Board of

Directors shall have Directors with background and expertise in internal controls, financial risk management, commercial lending, and legal issues relating to commercial lending and corporate governance that is satisfactory to SBA. At least one voting member of the Board of Directors shall represent the economic, community or workforce development fields, and at least two members of the Board of Directors, other than the CDC Manager shall represent the commercial lending field. Directors representing commercial lending must comprise less than fifty percent (50%) of the members of the Board of Directors. Directors may be either currently employed or retired. Retirees may represent the field from which they retired. When the Board of Directors votes on a SBA loan approval or servicing actions, at least two voting members of the Board of Directors with commercial lending experience must be present to vote. A majority of the voting Directors shall be present for the duration of the meeting to constitute a quorum for the transaction of any business.

Not more than one person on the Board of Directors may be employed by or serve on the board of directors of any other single entity, unless the entity is a civic, charitable, or comparable organization that is not involved in financial service or economic development activities unless by virtue of their office and no Member of the Board of Directors may serve on the Board of another certified development company.

On an annual basis, each Director shall certify in writing that he or she has read and understands 13 CFR 120.823. The PADD shall include copies of the certifications in its annual report to SBA. No employee of the PADD may serve as a voting member of the Board of Directors.

The PADD's policy prohibiting any actual or appearance of conflict of interest will be applicable to any and all actions related to SBA loan approval.

The Purchase Area Development District (PADD) Board of Directors has created an Executive Committee and a Loan Review Committee, through its bylaws, approved by its Board of Directors. Any action taken by the Loan Review committee shall not be authorized unless ratified by the Board of Directors or the Executive Committee. The delegation of authority to any committee does not relieve the Board of Directors of its responsibilities imposed by law or loan program requirements.

- a) Executive Committee. There shall be an Executive Committee of the Board of Directors consisting of the officers of the PADD, chairmen of standing committees and task forces, one director from each county not otherwise represented and one additional member from the county of the Chairman if the Chairman is the only representative from the particular county. At a minimum, the Executive Committee shall have Directors who meet the same representational requirements as the Board of Directors. The Executive Committee shall have the power to act for the Board of Directors in the interim between meetings of the Board in the management of the PADD affairs and shall oversee all of the PADD functions. The Executive Committee shall be delegated the authority to provide credit approval for loans greater than \$2,000,000. No further delegation or re-delegation of the Board of Directors' general grant of authority to the Executive Committee is permitted. A Quorum shall consist of the greater of five (5) voting members or a majority of the voting members. The Board of Directors may restrict the powers of the Executive Committee as it deems appropriate and may provide for the manner in which the Executive Committee exercises such powers. The Executive Committee shall promptly report to the Board of Directors all actions taken.

b) The Loan Review Committee membership shall consist of the officers of the Board of Directors of the Purchase Area Development District and at a minimum one additional member from each county not otherwise represented **and must also be Chosen by the Board of Directors**. A quorum must have at least five committee members authorized to vote, including at least two members with commercial lending experience satisfactory to SBA, **neither of which is the CDC Manager and must be present for the duration of the meeting to transact business**. All members of the Loan Review Committee must live or work in the Area of Operations. The membership will be from each of the four areas as follows; (a) government organizations responsible for economic development (b) financial institutions that provide commercial long-term fixed asset financing whereby at least two members must possess commercial lending experience, (c) community organizations dedicated to economic development, and (d) businesses in the Area of Operations. The Loan Committee shall be delegated the authority to (a) provide credit approval for loans up to \$1,000,000 and (b) provide credit approval for loans of \$1,000,000 to \$2,000,000, with the ratification of the Board of Directors or Executive Committee prior to the debenture closing. The Loan Committee shall report to the Board in a manner to be established by the Board. At least two members of the Loan Committee must have commercial lending experience satisfactory to the SBA. Members of the Loan Committee shall have no actual or appearance of a conflict of interest, including for example, a Loan Committee member participating in deliberations on a loan for which the third

party lender is the member's employer or the member is otherwise associated with the third party lender. Members of the Loan Committee must live and work in the Market Area. No employee of the PADD may serve on the Loan Committee. A quorum of the Loan Committee shall consist of five (5) members. The Board of Directors shall ratify all actions of the Loan Committee.

All SBA 504 loan applications shall receive credit approval by the PADD prior to submission to the SBA. The PADD shall maintain a policy manual detailing the PADD's credit approval process.

The PADD shall maintain directors and officer's liability insurance and errors and omissions insurance in amounts established by SBA. The PADD shall maintain internal control policies as required by 13 CFR 120.826.

To the extent required by the SBA, and subject to approval of the Board of Directors, the PADD shall invest in economic development in each of the states in the areas of operation in which it has a loan portfolio. The PADD shall submit to SBA a written report on investments in economic development for each state in which the PADD has an outstanding loan under the 504 loan program.

ARTICLE V

EXECUTIVE DIRECTOR

SECTION I: Executive Director

The Board of Directors shall be empowered to employ an Executive Director to assist in fulfilling the purposes and objectives of the organization.

SECTION II: Employment and Removal

Employment or removal of the Executive Director shall require two-third (2/3) vote of the Directors present at any regular or duly called Board of Directors meeting, provided at least a quorum is present.

ARTICLE VI

BUDGET AND EXPENDITURES

SECTION I: Budget

An annual budget shall be prepared and serve as a guide for expenditures for this organization.

SECTION II: Expenditures

All checks drawn on the account of the Purchase Area Development District shall be signed by at least two (2) of the following three (3) individuals: Chairman of the Board, Executive Director, and/or Treasurer.

ARTICLE VII

AMENDMENTS

SECTION I: Amendments

These By-Laws may be amended by a two-thirds (2/3) majority of the full Board of Directors present at any legally constituted Board meeting.

ARTICLE VIII

IMPLEMENTATION PROCEDURES

SECTION I: Implementation Procedures

All matters not specifically covered herein shall be subject to action of the Board.

Duly adopted after a report by the By-Laws Committee and upon their recommendations and after a full discussion by the Board of Directors. On Motion by Ralph Graves, and seconded by Roland Green, which motion carried by proclamation procedure, the above and foregoing By-Laws were regularly adopted this the 17th day of June, 1974.

As a result of direction by the Executive Committee at its October 21 meeting to prepare an amendment to the By-Laws concerning Article IV, Section II, such amendment was submitted to the full Board of Directors and duly adopted. On Motion by Judge Robert O. Miller, and seconded by R. L. Cooper, which motion carried by proclamation procedure, the above and foregoing amendment was regularly adopted, this the 18th day of November, 1974.

Duly adopted following their review and a full discussion by the Board of Directors. On Motion by Joe Bolin and seconded by Judge Dick Castleman, which motion carried unanimously, the above and foregoing By-Laws were adopted, this the 15th day of November, 1976.

As a result of direction by the Purchase Area Development District Executive Committee at its October 17, 1977, meeting to prepare an amendment to the By-Laws concerning Article II,

Section I, such amendment was submitted to the full Board of Directors and duly adopted. On Motion by Judge Robert O. Miller and seconded by Mayor William Murphy, which carried unanimously, the above and foregoing amendment was adopted on the 21st day of November, 1977.

As a result of direction by the Purchase Area Development District Board of Directors at its April 19, 1982, meeting to prepare an amendment to the By-Laws concerning Article II, Section II, Paragraph 2, such amendment was submitted to the full Board of Directors and duly adopted. On motion by Mr. James O. Guffy and seconded by Mr. Goldie Taylor, which motion carried unanimously, the above and foregoing By-Laws were adopted on May 24, 1982.

Duly adopted following their review and a full discussion by the Board of Directors. On motion by James Guffy and seconded by Mr. Goldie Taylor, which motion carried unanimously, the above and foregoing By-Laws were adopted, this the 24th day of May, 1982.

An amendment to the By-Laws concerning Article III, Section IV, Paragraph B, was presented to the Purchase Area Development District Board of Directors in June 21, 1982 and duly adopted. On motion by Judge/Executive Raymond Schultz and seconded by Judge/Executive James Everett, which carried unanimously, the above and foregoing By-Laws were adopted on June 21, 1982.

As a result of direction by the Purchase Area Development District Board of Director at its July 18, 1988, meeting to prepare an amendment to the By-Laws concerning Article II, Section I, Paragraph E., such amendment was submitted to the full Board of Directors and duly adopted. On motion by Judge/Executive George Weeks and seconded by Judge/Executive Lloyd Key, which carried unanimously, the above and foregoing amendment was adopted on the 18th day of July, 1988.

As a result of direction by the Purchase Area Development District Board of Director at its July 15, 2002 meeting to prepare an amendment to the By-Laws concerning Article IV, Section VI, such amendment was submitted to the full Board of Directors and duly adopted. On motion by Judge/Executive Harold Garrison and seconded by Mayor Syl Mayolo, which carried unanimously, the above and foregoing amendment was adopted on the 15th day of July, 2002.

As a result of direction by the Purchase Area Development District Board of Director at its April 20, 2015 meeting to prepare an amendment to the By-Laws concerning Article IV, Section VI, such amendment was submitted to the full Board of Directors and duly adopted. On motion by Judge/Executive Vickie Viniard and seconded by Mr. Arthur Boykin, which carried unanimously, the above and foregoing amendment was adopted on the 20th day of April, 2015.

As a result of direction by the Purchase Area Development District Board of Directors at its July 20, 2015 meeting to prepare an amendment to the By-Laws concerning Article II,

Section I & II, Article III, Section II, III, IV & VI, Article IV, Section II & IV. On motion by Judge Executive Vickie Viniard and seconded by Mr. Arthur Boykin, which carried unanimously, the above and foregoing amendment was adopted on the 20th day of July, 2015. As a result of direction by the Purchase Area Development District Board of Directors at its December 19, 2016 meeting to prepare an amendment to the By Laws concerning Article VI. A motion was made by Mayor Teresa Rochetti-Cantrell, seconded by Mr. Clyde Elrod, which carried unanimously, the above and foregoing amendment was adopted on the 19th day of December, 2016.