

**BYLAWS
OF
DOWNTOWN LEXINGTON MANAGEMENT DISTRICT**

DRAFT OF PROPOSED BYLAWS

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ARTICLE 1: ESTABLISHMENT OF DISTRICT

(A) There is established, pursuant to KRS 91.750 through 91.762, and via Lexington-Fayette Urban County Government Ordinance No. 52-2015, a management district to be known as the “Downtown Lexington Management District” (hereinafter referred to as “District”) for the purpose of providing and financing economic improvements that specially benefit property located within the District. The boundaries of the District are designated by the map in Attachment A, which is incorporated by reference hereto and made a part of these Bylaws as if fully set out herein.

(B) The District shall constitute a body corporate, with the power to contract and be contracted with. Its affairs shall be managed and controlled by a Board of Directors.

ARTICLE 2: ESTABLISHMENT OF THE BOARD OF DIRECTORS

(A) There is established a Board of Directors (hereinafter “the Board” or “the Board of Directors”) to manage and control the affairs of the District.

(B) The Board of Directors shall be composed of not more than fifteen (15) members, who shall be appointed to four (4) year terms, except as otherwise provided in Lexington-Fayette Urban County Government Ordinance No. 52-2015 and these Bylaws. Members of the Board shall be appointed as follows:

(1) Inaugural Board: The Board of the Downtown Lexington Corporation shall nominate individuals for membership on the Board, and shall submit such names to the Mayor and Urban County Council for consideration.

(2) Vacancies After Inaugural Board: The Board of Directors shall nominate individuals to fill vacancies on the Board of Directors, and shall submit such names to the Mayor and Urban County Council for consideration.

(C) The Board shall be comprised of the following members:

(1) Regular Members

(a) At least one (1) Board member shall be an owner or designee of a retail business within the District;

(b) At least one (1) Board member shall be an owner of a residential property within the District or their permanent designee;

(c) At least three (3) Board members shall be owners of an office building or buildings within the District or their permanent designees;

(d) At least one (1) Board member shall be a parking facility owner within the District or his permanent designee;

(e) At least two (2) Board members shall be owners or their designees from the hospitality/entertainment sector within the District (e.g., an owner or designee whose property houses a restaurant, food service, or hotel/lodging facility); and

(f) At least two (2) Board members shall be tenants representing the owners of properties within the District.

(2) Ex-officio Members

(a) The Mayor, or his permanent designee;

(b) The Chair of the Downtown Lexington Corporation or that corporation's successor;

(c) The Urban County Council member representing the area comprising the District and an At-Large Urban County Council member designated by the Mayor; and

(d) The Chair of the Lexington Downtown Development Authority

(D) All members of the Board of Directors, including ex-officio members, shall have the right to vote.

(E) Members of the Board of Directors shall serve four (4) year terms; however, the Inaugural Board will be comprised of one-half of such members serving a two (2) year term and one-half serving a four (4) year term as determined by the Mayor. A member of the Board is eligible for reappointment to one (1) additional four (4) year term.

(F) Any appointed member of the Board may be removed by the Mayor for cause.

(G) Any member may be removed by the Mayor for violation of rules, regulation, operating procedures, or these Bylaws as adopted by the Board of Directors. Such recommendation of removal shall be made by the Board of Directors on a majority vote, with such recommendation then forwarded to the Mayor.

(H) Any vacancy on the Board shall be filled in the same manner as the original appointment for the unexpired term.

(G) The Board shall elect officers from its membership, including a Chair, Vice-Chair, Secretary, and Treasurer. Each officer shall serve a two (2) year term, and shall be eligible to serve one (1) additional term. Each officer shall be elected by a majority vote of the Board of Directors.

(1) An officer may be removed from the office by a two-thirds (2/3) vote of the Board of Directors.

- (2) Any vacancy shall be filled in the same manner as the original appointment for the unexpired term.

ARTICLE 3: POWERS OF THE BOARD OF DIRECTORS

(A) The Board shall have the right to transact business on behalf of and manage the financial affairs of the District, including the ability to contract with any person or entity determined by the Board to have the needed expertise to manage and administer the day-to-day operations of the affairs of the District or any portion thereof.

(B) The Board shall have all powers necessary and proper to conduct the affairs of the District not inconsistent with KRS 91.750 through 91.762, Lexington-Fayette Urban County Government Ordinance No. 52-2015, and these Bylaws, including, but not limited to:

- (1) Preparation of an annual Economic Improvement Plan. An "Economic Improvement Plan" shall describe the current and projected economic improvements to be undertaken during that year.
- (2) Preparation of an annual budget on a fiscal year basis.
- (3) Implementation of the Economic Improvement Plan.
- (4) Determination of policy and procedures for operation of the District.
- (5) Incurring, in the aggregate, short-term and long-term debt in an amount not to exceed \$500,000.

(C) The Board may undertake any of the following economic improvements within the District:

- (1) The promotion of commercial activity or public events;
- (2) The planning, administration, and management of development or improvement activities;
- (3) Landscaping, beautification, maintenance, and cleaning of public ways and spaces;
- (4) The conduct of activities in support of business recruitment and development;
- (5) The provision of safety and security for public areas, including snow and ice removal from the public thoroughfares, including but not limited to sidewalks;
- (6) The construction and maintenance of capital improvements to public ways and spaces; and

- (7) Any other economic improvement activity that, as determined by the Board, specially benefits property within the District.

(D) The Board of Directors may appoint committees of the Board of Directors as reasonably necessary and prudent.

ARTICLE 4: DUTIES OF THE BOARD OF DIRECTORS

(A) The Board shall provide for the day-to-day management and administration of the District through a contract or otherwise as the Board deems appropriate. Such management and administration support services shall include:

- (1) Procurement of marketing, beautification, and security services from vendors, administration of related contracts and supervision related to contract compliance and quality assurance;
- (2) Training activities to support services delivery;
- (3) Annual development of an Economic Improvement Plan as required by state law and Lexington-Fayette Urban County Government Ordinance No. 52-2015, including evaluation of program effectiveness and monitoring level of urban marketing, beautification, and security services;
- (4) Provision of administrative support to the Board;
- (5) Maintenance of all financial and administrative records, and yearly audit or review of expenses and revenues;
- (6) Provision of liability insurance as needed to cover all operations; and
- (7) Provision of other necessary and appropriate business service for the District, or lend of expertise, as requested or needed, with issues related to the District.

(B) The Board shall utilize a competitive process, such as a formal Request for Proposal, to award contracts and otherwise procure services, except for the collection of assessments.

- (1) The Board may appoint a selection committee to aid in the review of response submitted to a Request for Proposal.
- (2) The Board shall avoid any conflicts of interest in appointing any selection committee.
- (3) All contracts to be awarded by the Board shall include a complete description of the services to be provided and duration, method of compensation, records to be maintained and submitted, and hold harmless agreements and limits of liability insurance requirements.

(4) Collection of assessments shall be via agreement with either the Lexington-Fayette Urban County Government or the Fayette County Sheriff's Office.

(C) The Board shall submit the annual budget to the Urban County Council for approval at least two (2) months prior to the beginning of each Fiscal Year, and shall simultaneously transmit the Economic Improvement Plan. The budget shall be presented in such form as required by the Lexington-Fayette Urban County Government.

(1) In the event that the submitted budget is not timely approved by the Urban County Council, the budget of the previous year shall have full force and effect as if readopted until such time as a new budget is approved.

(2) Upon approval of the budget by the Urban County Council, the Board shall publish the budget and Economic Improvement Plan pursuant to KRS Chapter 424 and shall mail, by first class mail, to each property owner a description of the Economic Improvement Plan, the fair basis of the assessment to be utilized, the estimated cost to the property owner, and the ratio that the cost to each property owner bears to the total cost of the economic improvements.

(3) The Board shall provide in the annual budget for the imposition of a rate of assessment on all benefitted properties within the District, including an appeal procedure, as specified in Lexington-Fayette Urban County Government Ordinance No. 52-2015, attached hereto as Attachment B, and which is incorporated by reference hereto and made a part of these Bylaws as if fully set out herein.

(D) The Board shall implement an affirmative action plan consistent with those required by the Lexington-Fayette Urban County Government for the hiring of consultants or employees. The Board shall not discriminate on the basis of race, sex, sexual orientation and gender identity, marital status, religion, age 40 and over, color, national origin, because the person is a qualified individual with a disability, or because the individual is a smoker or nonsmoker, in any of the District's operations and shall include such prohibition in all of its contracts.

(E) The Board shall, within ninety (90) days following the end of a fiscal year, cause to be prepared and submit a yearly audit pertaining to the expenditure of funds to the Mayor, Urban County Council, and the Department of Policy and Division of Budgeting. Such audit shall be completed by a certified public accountant and shall review all funds controlled by the Board.

(F) The Board Chair or his designee, on behalf of the Board, shall make an annual presentation to the Urban County Council regarding the operations of the District, and shall appear at any other meeting as reasonably requested by the Lexington-Fayette Urban County Government.

(G) The Board shall ensure that information regarding the general operations and finances (including revenue and expenditures) is publicly available through the District's website and other reasonable means;

(H) The Board 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, which shall be sent at the same time the Economic Improvement Plan and budget are sent pursuant to this Article, section (B), part (2), with such report also forwarded to the Urban County Council.

(I) The Board shall submit a report to the Mayor and Urban County Council within sixty (60) days of the end of a fiscal year regarding the District's operation and detailing how it has addressed the directives and principles articulated in Lexington-Fayette Urban County Government Ordinance No. 52-2015. Such report is separate and distinct from any other report required herein.

(J) The Board may identify additional areas in downtown which would benefit from the economic improvements provided by the District, if any, and actively solicit and assist the property owners in the identified areas to petition the Mayor and the Urban County Council, in accord with state law, to expand the boundaries of the District to include these additional properties.

ARTICLE 5: MEETINGS OF THE BOARD OF DIRECTORS

(A) The Board of Directors shall regularly meet on the first Wednesday of the month at 8:30 a.m. at the Offices of McBrayer, McGinnis, Leslie & Kirkland, PLLC, 201 East Main Street, Suite 900, in Lexington, Kentucky.

(B) Quorum shall be defined as a majority of the total number of members of the Board of Directors.

(1) Quorum shall be required in order to the Board of Directors to transact any business.

(2) In the absence of quorum, the Board may take no official action aside from implementing measures to achieve quorum or adjourning the meeting.

(3) A member of the Board of Directors is deemed present for purposes of calculating quorum if they are physically present at the site of the meeting or if they are participating in the meeting through videoconferencing, or any other device that allows all members participating to simultaneously see and hear each other during the meeting, unless otherwise prohibited by law. A member of the Board of Directors may listen to a meeting through teleconferencing capabilities, but shall not be able to vote, nor shall be counted for purposes of establishing quorum.

(C) A special meeting of the Board of Directors may be called at any time by the Chair or by any three members of the Board. All members of the Board of Directors shall be notified of a special meeting via electronic mail, regular mail, or facsimile, with notice to be sent at least

seventy-two (72) hours in advance of the meeting. Such meeting shall take place at the regular meeting location or at any place specified within the meeting notice.

(D) The act of a majority of the members of the Board of Directors entitled to vote present at a meeting at which quorum is present shall be the act of the Board of Directors.

ARTICLE 6: DLMD ADVISORY COUNCIL

(A) The Board of Directors hereby establishes an Advisory Council to the Board of Directors, which shall be known as the "DLMD Advisory Council" (hereinafter "Advisory Council") and shall advise the Board on all matters referred to it by the Board.

(B) The Advisory Council shall consist of no more than five (5) members.

(1) Members of the Advisory Council shall be appointed by a majority vote of the Board for a term of one (1) year. A Member of the Advisory Council may be reappointed for up to five (5) successive terms; however, they must be re-elected to the position annually. In order to serve on the Advisory Council, and individual must:

(a) Be owners or tenants of property within the District; or

(b) Be individuals with technical knowledge of aspects of property beautification, security, or other economic improvements provided by the District.

(2) Vacancies on the Advisory Council may be filled at the discretion of the Board of Directors, provided that at all times, no more than (5) members are appointed to the Advisory Council.

(3) A member of the Advisory Council may be removed for any reason and at any time by a majority vote of the Board of Directors.

(4) At no time may an individual serve on both the Advisory Council and the Board. In the event that a member of the Advisory Council is appointed to serve on the Board, their appointment to the Advisory Council shall be vacated and a new member appointed, at the election of the Board, as provided herein.

(C) The Advisory Council shall prepare reports or recommendations for the Board of Directors consideration on issues referred to them by the Board of Directors that impact the operation of or management of the District. Additionally, members of the Advisory Council shall attend the monthly meeting of the Board, and may participate in the meeting; however, in no instance shall a member of the Advisory Council be permitted to vote on any matter pending before the Board.

(D) The Advisory Council shall meet as necessary at _____. Quorum shall be defined as half (50%) of the total number of members of the Advisory Council; provided, however, that a minimum of two members must be present to transact any business.

Advisory Council members shall be notified of a meeting via electronic mail, regular mail, or facsimile, with notice to be sent at least seventy-two (72) hours in advance of the meeting. The Advisory Council may also set regular meetings at its sole discretion.

ARTICLE 7: TERMINATION

The District shall be dissolved upon the earlier of (a) May 7, 2020, or (b) pursuant to KRS 91.762(2).

ARTICLE 8: MISCELLANEOUS PROVISIONS

(A) The Board of Directors shall have the power and authority to alter, amend, or repeal these Bylaws by the vote of a majority of all members of the Board of Directors.

(B) The Fiscal Year of the District shall coincide with the Fiscal Year of the Lexington-Fayette Urban County Government.

(C) The proceedings of the Board of Directors, the Advisory Council, and any committees shall be governed by and conducted in accordance with the latest edition of *Robert's Manual of Parliamentary Rules*, except where in conflict with these Bylaws.

(D) Unless the context specifically requires otherwise, any reference in these Bylaws to any gender shall include all genders, any reference to the singular shall include the plural and any reference to the plural shall include the singular.

(E) If any provision of these Bylaws, or its application to any person or circumstances, is held to be invalid or unenforceable by a court of competent jurisdiction, the remainder of these Bylaws, or the application of such provisions to persons or circumstances other than those to which it was held to be invalid or unenforceable, shall not be affected thereby, and to this extent, the provision of these Bylaws are severable.

The above Bylaws were duly adopted effective as of this, the _____ day of _____, 2016.

Secretary, Board of Directors