BY-LAWS

OF

ROCHESTER ECONOMIC DEVELOPMENT CORPORATION

(A Not-for-Profit Corporation)

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OF

ROCHESTER ECONOMIC DEVELOPMENT CORPORATION

ARTICLE I
THE CORPORATION

Section 1. Name

The name of the Corporation shall be "Rochester Economic Development Corporation", and it shall be referred to in these by-laws as the Corporation.

Section 2. Seal

The seal of the Corporation shall be in such form as may be determined by the Board of Directors.

Section 3. Offices

The principal office of the Corporation shall be located in the City of Rochester, County of Monroe and State of New York. The Corporation may have such other offices at such other places as the Board of Directors of the Corporation may from time to time designate by resolution.

ARTICLE II
BOARD OF DIRECTORS

Section 1. <u>Board of Directors</u>

(a) The Corporation shall be managed by a Board of Directors consisting of eighteen (18) persons. All references in these by-laws to the Board of Directors shall be references to the Board of Directors of the Corporation. Each Director shall be at least eighteen (18) years of age. The Mayor shall designate one of the Directors as Chairman of the Board of Directors.

(b) The Chairman of the Board of Directors and all other Directors shall serve without compensation, but they may be reimbursed for the reasonable expenses incurred in conducting the business of the Corporation.

(c) The Directors shall include the following: Mayor of the City of Rochester, Commissioner of Neighborhood & Business Development, Deputy Commissioner of Neighborhood & Business Development, Director of Finance of the City of Rochester, and the President of the Common Council of the City of Rochester, all of whom shall hold their directorship and membership ex officio; one member of the Common Council of the City of Rochester; two officials of regulated institutions. At least seven of the Directors shall be residents of the City of Rochester. A Director shall be deemed to reside in the City of Rochester if that Director is the owner of a business located in the City of Rochester.

(d) The Directors must include at least two voting members, other than the CDC manager, who have commercial lending experience satisfactory to the U.S. Small Business Administration.

(e) The Directors shall include at least one voting member who represents the economic, community, or workforce development fields.

(f) The Board must be actively involved in encouraging economic development in the Area of Operations (as defined by the US Small Business Administration). Directors must have background and experience in internal controls, financial risk management, commercial lending, legal issues relating to commercial lending and corporate governance.

(g) The Board must ensure that the CDC invests in economic development in each of the States in its Area of Operations in which it has a portfolio, and approving each investment. If the investment is included in the CDC's budget, the Board's approval of the budget may be deemed approval of the investment. If the investment is not included in the budget, the Board must separately approve the investment.

(h) Directors may be either currently employed or retired. Retired Directors may represent the field from which they retired.

(i) No single group of Directors may control the Board. Directors from the commercial lending field must comprise less than 50% of the Directors.

(j) Voting Directors may not include REDCO staff members other than the CDC Manager.

(k) No Director may serve on the board of directors of another CDC.

(l) Other than approved affiliations under federal regulation 13 CFR Part 120 (Small Business Administration) section 120.826, no more than one Director may be employed by or serve on the board of directors of any single entity (including the entity's affiliates), unless that entity is a civic, charitable, or comparable organization that is not involved in financial services or other economic development activities.

Section 2. Election and Term

The Board of Directors shall initially consist of those persons named as the initial Directors in the Certificate of Incorporation, and until their successors have been duly elected and qualify–The Chairman of the Board shall nominate each Director. Each Director must be approved by a 2/3 majority vote of the entire Board of Directors. Board of Director terms shall be limited to two (2) years, other than ex-officio Directors. Each Director shall hold office until the expiration of the term for which he was elected, and until his successor has been duly elected and qualified, or until his prior resignation or removal as hereinafter provided. The entire Board of Directors shall be representative of the community of the City of Rochester.

Section 3. Removal or Resignation

(a) A Director may resign at any time by giving written notice to the Board of Directors or the President or the Secretary of the Corporation. Unless otherwise specified in the notice, the resignation shall take effect upon its receipt by the Board of Directors or such officer. Acceptance of such resignation shall not be necessary to make it effective.

(b) The Chairman of the Board may remove any Director at his discretion with or without cause.

(c) Vacancies in the Board of Directors shall be filled by the Chairman of the Board.

Section 4. Meetings of the Board of Directors

A regular meeting of the Board of Directors shall be held at least quarterly each year at a place to be determined by the Board of Directors. Special meetings of the Board of Directors shall be held on such date or dates and at such place or places in the City of Rochester, New York as may be fixed in the call for such special meeting. In the event that no place shall be fixed for the place of such meeting, such meeting shall be held at the principal office of the Corporation.

When the Board of Directors votes on approval of or servicing actions for US Small Business Administration loans, at least two (2) Directors with commercial lending experience acceptable to the US Small Business Administration, other than the CDC manager, must be present and vote.

Section 5. Quorum

(a) At all meetings of the Board of Directors, fifty (50) percent of the members of the Board of Directors shall constitute a quorum for the purpose of transacting business. If less than a quorum is present for a duly noticed meeting of the Board of Directors, those present may adjourn the meeting to some other time or until a quorum is present. Except to the extent provided by law, all action shall be by a majority of the votes cast, provided that the votes cast shall be at least equal to a quorum.

(b) Any action required or permitted to be taken by the Board of Directors or any committee thereof may be taken without a meeting if all members of the Board or the committee consent in writing to the adoption of a resolution authorizing the action. The resolution and the written consents thereto by the member of the Board or committee shall be filed with the minutes of the proceedings of the Board or committee.

(c) Any one or more members of the Board of Directors or any committee thereof may participate in a meeting of such Board or committee by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

(d) The Chairman of the Board of Directors shall preside at all meetings of the Board of Directors, unless he shall have designated another Director as Vice Chairman to preside in his absence.

Section 6. Committees

The Board of Directors may, by resolution adopted by a majority of the entire board, designate from among its members an executive committee and such other standing committees and special committees as may be desirable, each consisting of three or more directors, and each of which, to the extent provided in the resolution, shall

have all the authority of the Board, except for those matters specifically excluded under Section 712(a) of the Not-For- Profit Corporation Law. The Board may designate one or more Directors as alternate members of any standing committee, who may replace any absent member or members at any meeting of such committee. But in no event shall any committee, except the Executive Committee, designated hereunder be empowered to make management decisions, including decisions relating to making and servicing of loans.

(a) Executive Committee

If the Board provides for an Executive Committee, it shall be a standing committee, shall consist of at least 5 members. The members of the committee shall meet the same organizational and representational requirements of the Board of Directors. A quorum shall consist of five members of the committee. The delegation of authority to the committee shall not relieve the Board of Directors of its responsibilities.

(b) Loan Committee

If the Board provides for a loan committee, it shall be a standing committee, shall consist of at least 5 members including the President of the Rochester Economic Development Corporation, the Director of Finance of the City of Rochester, and two members with commercial lending experience satisfactory to the US Small Business Administration. No CDC staff member nor CDC Manager may serve on this committee. For SBA 504 loans, the Loan Committee's maximum approval authority is $2,000,000. At all meetings of the loan committee, five members shall constitute a quorum, and except to the extent otherwise provided by law, all actions of the loan committee shall be by a majority of votes cast, provided that the votes cast shall be at least equal to a quorum. There shall be no actual or apparent conflict of interest with respect to any actions of the loan committee.

Any loan committee hereby designated shall be empowered solely to make recommendations to the Board of Directors concerning the approval, default or modification of a loan, or other final action concerning a loan and said committee shall in no way diminish the power of the Board of Directors to make such decisions.

(c) Governance Committee

If the Board provides for a Governance Committee, it shall be a standing committee and shall consist of three members. Committee members shall be Directors of the Corporation and shall be appointed by the Board. The Committee's primary purpose shall be shall update the Corporation's corporate governance principles and practices and keep the Directors informed of current best practices of corporate governance.

(d) Audit Committee

If the Board provides for an Audit Committee, it shall be a standing committee and shall consist of three members. Committee members shall be Directors of the Corporation and shall be appointed by the Board. At least one member must be the Corporation's Treasurer. The committee's primary purpose will be review and oversight of the Corporation's audit activities and internal controls, compliance, and risk assessment practices.

(e) Finance Committee

If the Board provides for a Finance Committee, it shall be a standing committee and shall consist of three members. Committee members shall be Directors of the Corporation. The committee's primary purpose will be oversight and review of the Corporation's procurement practices, operating budget, investment policy and debt issuances.

Section 7. Powers of the Board of Directors

The Board of Directors is solely empowered, along with other things, to make management decisions, including decisions relating to the making and servicing of loans from the US Small Business Administration. All US Small Business Administration 504 loan applications must be approved by the Board prior to submission to the US Small Business Administration.

ARTICLE III
OFFICERS

Section 1. Officers

The officers of the Corporation shall be President, Vice-President, Secretary, Treasurer and such other officers as may be prescribed from time to time by the Board of Directors. The President and Vice-President shall be nominated by the Chairman of the Board of Directors and appointed by the Board of Directors, and may be removed with or without cause at its discretion. Other officers shall be appointed by the Board of Directors and may be removed with or without cause at its discretion.

Section 2. President

The President shall be a member of the Board of Directors and shall serve as the contact person for the Small Business Administration on all matters which it elects to communicate. The President shall be chief executive officer of the Corporation, shall serve as ex officio member of all duly constituted committees, shall supervise the general management and the affairs of the Corporation, and shall carry out the orders and resolutions of the Board of Directors. Except as otherwise authorized by resolution of the Board of Directors, the President shall execute (manually or by facsimile signature) all agreements, contracts, deeds, bonds, notes or other evidence of indebtedness and any other instruments of the Corporation on behalf of the Corporation.

Section 3. Vice-President

The Vice-President shall be a member of the Board of Directors. The Vice-President shall have all the powers and functions of the President in the absence or disability of the President of the Corporation. The Vice-President shall perform such other duties as the Board of Directors shall prescribe or as delegated by the President.

Section 4. Secretary

(a) Except as otherwise authorized by resolution of the Board of Directors, the Secretary shall keep minutes of the meetings of the Board of Directors, shall have custody of the seal of the Corporation and shall affix and attest the same to documents when duly authorized by the Board of Directors, shall attend to the giving or serving of all notices of the Corporation, shall have charge of such books and papers as the Board of Directors may order, shall attend to such correspondence as may be assigned and shall perform all the duties incidental to his office.

(b) Upon the request of the Chairman of the Board of Directors, President, or three (3) members of the Board of Directors, the Secretary shall call a special meeting of the Board of Directors.

Section 5. Treasurer

The Treasurer shall have the care and custody of all the funds and securities of the Corporation, shall deposit said funds in the name of the Corporation in such bank or trust company as the Board of Directors may elect, shall make investments, other than deposits, only with the approval of the Board of Directors, shall sign such instruments as may require the Treasurer's signature but only with the approval of the President, shall

at all reasonable times exhibit the corporate books and accounts to any Director or officer of the Corporation, and at the end of each corporate year, shall present an annual report setting forth in full the financial condition of the Corporation. Except as otherwise authorized by resolution of the Board of Directors, the Treasurer shall execute (manually or by facsimile signature) for agreements and contracts on behalf of the Corporation which obligate the Corporation to an amount of $5,000.00 or less.

ARTICLE IV
AMENDMENTS

Section 1. Amendments to By-Laws

These by-laws may be amended or revised from time to time by such two-thirds (2/3) vote of the Board of Directors, but no such amendment or revision shall be adopted unless written notice of the proposed action shall have been given by mail to each Director at least ten (10) days prior to the date of the meeting at which it is proposed to take such action; provided, however, that this provision and provisions relating to the number, appointment, removal and terms of office of Directors and the appointment and removal of the President and Vice-President may be amended only with the prior approval of the Chairman of the Board of Directors.

ARTICLE V
MISCELLANEOUS

Section 1. Sureties and Bonds

In case the Board of Directors shall so require, any officer or agent of the Corporation shall execute to the Corporation a bond in such sum and with such surety or sureties as the Board of Directors may direct, conditioned upon the faithful performance of his or her duties to the Corporation and including responsibility for negligence and for the accounting for all property funds or securities of the Corporation which may come into the officer's or agent's hands.

Section 2. Loan Policy

The Corporation shall establish and maintain a loan policy manual. Such policy manual shall set forth the loan approval process to be utilized by the Corporation in the making of loans.

Section 3. Fiscal Year

The fiscal year of the Corporation shall be fixed by the Board of Directors from time to time, subject to applicable law.

Section 4. Indemnification

(a) To the extent permitted by law, the Corporation shall indemnify any person made a party to an action by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he, his testator or intestate, is or was a, director or officer of the Corporation, against the reasonable expenses, including attorney's fees, actually and necessarily incurred by him in connection with the defense of such action, or in connection with an appeal therein, except in relation to matters as to which such director or officer is adjudged to have breached his duty to the Corporation under Section 717 of the New York Not-for-Profit Corporation Law.

(b) To the extent permitted by law, the Corporation shall indemnify any person, made or threatened to be made, a party to an action or proceeding other than one by or in the right of the Corporation to procure judgment in its favor, whether civil or criminal, including an action by or in the right of any corporation of any type or kind, domestic or foreign, or any partnership, joint venture, trust, employee benefit plan or other enterprise, which any director or officer of the Corporation served in any capacity at the request of the Corporation, by reason of the fact that he, his testator or intestate, was a, director or officer of the Corporation, or served such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprises in any capacity, against judgments, fines, amounts paid in settlement and reasonable expenses, including attorney's fees actually and necessarily incurred as a result of such action or proceeding, or any appeal therein, if such, director or officer acted in good faith for a purpose which he reasonably believed to be in, or, in the case of service for any other corporation or any partnership, joint venture, trust, employee benefit plan or other enterprise, not opposed to, the best interests of the Corporation and, in criminal actions or proceedings, in addition, had no reasonable cause to believe that his conduct was unlawful.

(c) The foregoing rights of indemnification shall not be exclusive of other rights to which any Director, officer or other person may be entitled.

(d) The Corporation may procure or cause to be procured any insurance for Directors, officers, and legal counsel as, authorized by law, including insurance

authorized under Section 727 of the Not-for-Profit Corporation Law. Insurance shall include Directors and Officer's liability/ errors and omission insurance in amounts which are in accordance amounts established by the U.S. Small Business Administration

Section 5. Conflict of Interest Policy

The Corporation shall establish and maintain a Conflict of Interest policy which, among other things, prohibits actual conflicts of interest or appearance of same for all actions taken by the Board of Directors.

Section 6. Internal Controls Policy

The Corporation shall establish and maintain written internal control policies, as required by federal regulation 13 CFR Part 120 (Small Business Administration) section 120.826.

Section 7. Restrictions and Limitation

In addition to any and all other applicable statutes, rules and regulations, the Corporation and its Directors and officers shall comply with the prohibition on the beneficial ownership of more than five percent of the capital stock of a project occupant or business enterprise and shall comply with the rules and regulations of the New York Job Development Authority, as set forth in Section 1825 of the Public Authorities Law.

Section 8. Dissolution

In the event the Corporation is voluntarily dissolved in accordance with the provisions of the Not-for-Profit Corporation Law of the State of New York, all of the assets of the Corporation shall, subject to the rights of its creditors, revert to the City of Rochester.

Section 9. Professional Staff

The Corporation shall implement the capability requirements set forth in Section 108.503-1 (a) of S.B.A. Regulations.

Section 10. Place of Business

The Corporation shall provide a reasonably accessible place of business open to the public during normal business hours with a separately listed telephone.

Section 11. Participation in S.B.A. Programs

The Corporation shall not participate in any S.B.A. programs other than those permitted under Title V of the Small Business Investment Act. As long as the Corporation remains engaged as a Certified Development Corporation as defined under the U.S Small Business Administration, and is engaged in the making of SBA 504 loans, each Director shall annually certify in writing that they have read and understand 13 CFR (Code of Federal Regulations 120.823 (CDC Board of Directors). Copies of such certifications shall be included in the Corporation's Annual Report to the US Small Business Administration

Section 12. Gender

The use in these by-laws of any terms such as "him", "her", "his", "hers", "Chairman" etc. shall not be interpreted as meaning or implying any limitation or preference for any gender.

Section 13. Additional Primary Purpose

The Corporation shall have a primary corporate purpose to serve or provide investment capital to Low Income Communities or Low Income Persons as those terms are defined in the law and regulations of the New Markets Tax Credit Program of the federal government.