

ATTACHMENT C

BYLAWS OF MAIN STREET BUSINESS IMPROVEMENT ZONE

ARTICLE I

NAME

The name of the Corporation is the Main Street Area Business improvement Zone.

ARTICLE II

DEFINITIONS

As used in these Bylaws, the following terms shall have the meanings set forth below:

“BIZ Assessments” means assessments made against Zone Properties under the Zone Plan.

“BIZ Statute” means Chapter 2 of Act 120 of 1961, as amended, MCL 125.990 et seq., or comparable provisions of any subsequent Michigan legislation applicable to the BIZ.

“Board of Directors” or “Board” means the board of directors of the Business Improvement Zone.

“Business Improvement Zone” means the Main Street Area Business Improvement District, a business improvement zone created and operating under the BIZ Statute.

“Corporation” means the Main Street Area Business Improvement Zone, a Michigan non-profit corporation organized under the Non Profit Corporation Act and the BIZ Statute.

“Director” means an individual who is serving on the Board of Directors.

“Internal Revenue Code” means the United States Internal Revenue Code of 1986, as amended.

“Non Profit Corporation Act” means of Act 162 of 1982, as amended, MCL 450.2101 et seq., or comparable provisions of any subsequent Michigan legislation applicable to non-profit corporations

“Open Meeting Act” means Act 267 of 1976, as amended, MCL 15.261 et seq., or comparable provision of any subsequent Michigan legislation applicable to the Business Improvement Zone.

“Property Owner” means each owner of record of title to a Zone Property. Where a Zone property is subject to a sale by land contract, the land contract vendee will be treated as the owner of record of that Zone Property. Where a Property is owned by more than one party, all parties shall be deemed one Property Owner.

“Per Property Owner Vote” means one vote for each Property Owner with respect to the matter subject to the vote, with all votes having the same weight for purposes of that vote.

“Weighted Vote” means, for each Property Owner, the weighted vote for each Property Owner equal to the assessment percentage assigned to the Zone Property of the Property in the Zone Plan.

“Zone Area” means the area in the City of Ann Arbor served by the Business Improvement Zone as more specifically identified in the Zone Plan, as it may have been amended or renewed from time to time.

“Zone Plan” means the Business Improvement Zone Plan for the Business Improvement Zone.

“Zone Property” means real property in the Zone Area, other than property classified as residential real property under Section 34c of the General Property Tax Act, Act 206 of 1893, as amended, MCL 21 1.34c and other than property exempt from the collection to taxes under the General Property Tax Act, Act 206 of 1893, as amended, MCL 211.7 to 211.57. The term “Zone Property” includes taxable leaseholds and other taxable interests in exempt real property in the Zone Area.

ARTICLE III

PURPOSES

The purpose or purposes for which the Corporation is organized are:

To provide for the ongoing maintenance, beautification, promotion, marketing and advocacy of the Business Improvement Zone established pursuant to Act 120 of 1961 of the State of Michigan in the Zone Area of the City of Ann Arbor, Michigan, as that Business Improvement Zone is defined or redefined by the Board of Directors of the Corporation from time to time consistent with the provisions of the BIZ Statute.

ARTICLE IV

PROPERTY OWNERS

4.1 ANNUAL MEETINGS OF PROPERTY OWNERS.

A. The Annual Meeting of the Property Owners shall be held on such date and time in the month of May of each year beginning in 2015 and at such place in

the City of Ann Arbor available to the public and reasonably accessible from the Zone Area as determined by the Board.

B. The business conducted at the annual meeting of the Property Owners shall include:

1. Electing individuals to fill expiring terms on the Board (if any), including the terms of any Directors elected by the Board of Director to fill vacancies;
2. Receiving and discussing a report on the activities of the Business Improvement Zone during the preceding calendar year;
3. Receiving and discussing a report on the financial activities and status of the Business Improvement Zone;
4. Considering any amendments to the Zone Plan proposed by the Board; and
5. Considering such other business within the powers of the Property Owners as may be proposed by the Board, a Property Owner or a person acting as proxy for a Property Owner.

4.2 SPECIAL MEETINGS OF THE PROPERTY OWNERS.

The Board may call a Special Meeting of the Property Owners to consider such business as the Board considers appropriate and shall call a Special Meeting of the Property Owners upon the written request of Property Owners holding or representing at least ten (10%) of all the Per Property Owner Votes. A Special Meeting shall be held at such place in the City of Ann Arbor available to the public and reasonably accessible from the Zone Area as determined by the Board. At a Special Meeting, the Property Owners shall consider only such business as specified in the resolution of the Board calling the meeting or in the written notice of Property Owners requesting the meeting.

4.3 NOTICE OF MEETINGS OF THE PROPERTY OWNERS.

A. The Corporation shall provide public notice of all Annual Meetings and Special Meetings of the Property Owners, including adjourned, recessed and rescheduled meetings, as required by the Open Meetings Act.

B. At least fourteen (14) days prior to each Annual Meeting or Special Meeting of the Property Owners, the Corporation shall provide written notice to each Property Owner and to each tenant of Zone Property of the time and place of each Annual Meeting and Special Meeting of the Property Owners (and of the purpose or purposes of each Special Meeting of the Property Owners) by first class mail addressed to the Property Owner or tenant at the address provided by the Property Owner or tenant to the Corporation for that purpose, or if none has been provided, at the Property Owner's or tenant's address (if any) as shown in the records of the Ann Arbor City Treasurer as of a date not more than ninety (90) days before the date on which the

notice is given. The written notice of the Annual Meeting of the Property Owners shall also include information about the availability of reports on the activities and financial status of the Business Improvement District. No such written notice is required for an adjourned, recessed or rescheduled meeting of the Property Owners. Except as otherwise required by the BIZ Statute, as long as notice of a meeting of the Property Owners has been given in accordance with the Open Meetings Act, the failure to give or receive written notice by mail or any defect in such written notice shall not affect the validity of any meeting or of any action taken at a meeting by the Property Owners.

4.4 QUORUM.

A minimum of ten (10%) percent of the Property Owners (without regard to assessed value or number of Zone Area tax parcels owned or represented) present in person or by proxy constitute a quorum for the transaction of business at any Annual or Special Meeting of the Property Owners. Property Owners present in person or by proxy at an Annual or Special Meeting of the Property Owners may continue to do business until adjournment or recess, notwithstanding the withdrawal of enough Property Owners to leave less than a quorum. Whether or not a quorum is present, a meeting of the Property Owners may be adjourned by the vote of the Property Owners present.

4.5 PROXIES.

A. Subject to the limitation below, a Property Owner may authorize one (1) or more persons (including Directors) to act for the Property Owner by proxy. A proxy shall be in writing and signed by the Property Owner or by an agent or representative of the Property Owner and shall be notarized. Unless otherwise provided in the proxy, a proxy is not valid after the expiration of three (3) years from its date. A proxy is revocable at the pleasure of the Property Owner executing it.

B. Unless the instrument appointing a person to act on behalf of a Property Owner specifically states otherwise, a person designated in a proxy shall not be considered to be a Property Owner or to be an agent of the Property Owner for purposes other than voting and taking other actions at meetings of the Property Owners.

C. One person or group of persons may not act as a proxy for more than five (5) different Property Owners at one time; provided, however, that the Board may designate one (1) or more Directors to exercise proxies on behalf of the Property Owners who shall not be subject to that limitation. For purposes of applying the preceding limitation, however, a group of business entities under common control or the Property Owners of a single family (consisting of an individual and that individual's spouse, parents, descendants and spouses of descendants) shall each be considered to be a single Property Owner. Any limitations on Weighted Votes cast by a person acting as proxy for multiple Property Owners shall be determined for each Property Owner separately.

4.6 VOTING.

A. Each Property Owner shall be entitled to cast a number of votes equal to the Weighted Vote of the Property Owner with respect to each of the following matters:

1. The adoption of an amendment or amendments to a previously approved Zone Plan;
2. The adoption of a new 10-year Zone Plan; and
3. The dissolution of the Business Improvement District.

An amendment to or renewal of a Zone Plan that changes the assessment or extends an assessment beyond the period previously approved by the Ann Arbor City Council shall require approval by the Ann Arbor City Council as well as by the Property Owners to be effective.

B. Each Property Owner, present in person or by proxy, shall be entitled to cast one (1) vote (the Per Property Owner Vote) on each matter coming before the Property Owners other than the actions listed in Section 4.6A. Such votes shall not be affected by the number of Zone Properties owned by the Property Owner or their taxable values.

C. The approval of a new 10-year Zone Plan shall be authorized by at least sixty percent (60%) of the Weighted Votes cast, in person or by proxy, by Property Owners entitled to vote on the matter at the meeting. When an action other than the approval of a new 10-year Zone Plan or the election of Directors is to be taken by vote of the Property Owners, it shall be authorized by a majority of the votes cast, in person or by proxy, by Property Owners entitled to vote on the matter at the meeting.

D. In the election of Directors, each Property Owner may cast one (1) vote, in person or by proxy for as many persons as there are Directors to be elected. Directors shall be elected by a plurality of the votes cast at an election. If Directors are to be elected to fill terms that have different durations, the candidates receiving the highest number of votes shall serve in the positions having the longest terms (unless candidates have been nominated for or have chosen to run for specific terms).

E. All Weighted Votes on behalf of Property Owners shall be cast in writing.

F. The fact that a particular Zone Property is owned by more than one (1) person does not affect the total Weighted Vote or Per Owner Vote that may be cast by the Property Owner in the election of Directors or on other matters coming before the Property Owners. If the records of the Ann Arbor City Treasurer show that a parcel of Zone Property is owned by two or more persons, any one of those persons may cast the entire Weighted Vote or Per Owner Vote of the Property Owner, in person or by proxy, at a meeting of the Property Owners, unless another person shown as an owner of the Zone Property in the records of the Ann Arbor City Treasurer seeks to vote. In the latter event, the Weighted Vote or the Per Owner Vote (a) shall be allocated equally between owners who hold Zone Property tenants by the entirety; (b) shall be allocated equally among those owners seeking to vote who hold Zone Property as joint tenants; and (c) shall be allocated among those owners seeking to vote who hold Zone Property as tenants in common in proportion to their respective interests in the Zone Property.

G. For purposes of determining voting rights under Sections 4.6B and 4.6D: (1) two or more Zone Properties that are shown in the records of the Ann Arbor City Treasurer as having multiple owners shall be treated as being held by a single Property Owner if, but only if, the identities of all the owners as shown in the records of the Ann Arbor City Treasurer are the same; and (2) the voting rights of a person acting as a designated agent or proxy shall be determined based upon the ownership of the Zone Properties represented, as shown in the records of the Ann Arbor City Treasurer.

4.8 CONDUCT OF PROPERTY OWNER MEETINGS.

All meetings of the Property Owners shall be conducted in accordance with the applicable provisions of the Open Meetings Act. A chair shall preside at each meeting of Property Owners. In the absence of a specific selection by the Board, the chair shall be the Chairman or another Director designated in writing by the Chairman. Subject to the provisions of these Bylaws, the Open Meetings Act and other applicable law, the Board may establish reasonable rules and regulations for the conduct of meetings that are fair to Property Owners and to others attending the meeting. The chair of the meeting shall announce at the meeting when the polls close for each matter voted upon. If no such announcement is made, the polls shall be deemed to have closed upon the earlier to occur of the beginning of voting on the next matter coming before the Property Owners or the final adjournment of the meeting. After the poll is closed, no ballots, proxies or votes, nor any revocations or changes thereto may be accepted.

ARTICLE V

BOARD OF DIRECTORS

5.1 BOARD COMPOSITION.

The affairs of the corporation shall be managed by a Board of Directors consisting of not less than five (5) and not more than fifteen (15) Directors.

5.2 DUTIES OF THE BOARD OF DIRECTORS.

The Board shall be the governing body of the Corporation and shall manage the activities of the Business Improvement Zone and the implementation of the Zone Plan, including approving annual budgets and work programs. Specific duties of the Board include the following:

- A. Developing administrative procedures relating to the implementation of the Zone Plan.
- B. Recommending amendments to the Zone Plan as necessary.
- C. Scheduling and conducting Annual and Special Meetings of the Property Owners.
- D. Developing a proposed Zone Plan for the next 10-year period.

- E. Approving the hiring or removal of an independent contractor or employee to serve as an operations manager for the Business Improvement Zone.
- F. Approving any contract or contracts for delivery of services to the Business Improvement Zone.
- G. Approving other contracts for the Business Improvement Zone requiring payments in excess of amounts established from time to time by resolution of the Board of Directors.
- H. Allocating funds between service elements in the Zone Plan as is prudent and responsive, and based on historic data, and based on a two-thirds (2/3) affirmative vote of the board of directors present at the meeting in which the vote is being taken.

5.3 QUALIFICATIONS OF DIRECTORS.

Each Director (other than the Director who may be nominated by the Mayor and approved by Ann Arbor City Council) must be:

- A. An individual who meets one (1) of the following requirements:
 - 1. Is a Property Owner;
 - 2. Has been designated in writing by a Property Owner;
 - 3. Is an owner of property in the Zone Area that is exempt from the payment of real property taxes but voluntarily contributes to the Business Improvement Zone under written agreement;
 - 4. Has been designated in writing by an owner of property in the Zone Area that is exempt from the payment of real property taxes but voluntarily contributes to the Business Improvement Zone under written agreement;
 - 5. Is a proprietor or an owner of a business occupying space in the Zone Area under a lease that requires that the tenant pay or reimburse the landlord for BIZ Assessments;
or
 - 6. Has been designated in writing by a proprietor or an owner of a business occupying space in the Zone Area under a lease that requires that the tenant pay or reimburse the landlord for BIZ Assessments;
- B. An individual who at all times is not, or represents the owner or tenant of property in the Zone Area that is not, delinquent in the payment of BIZ Assessments, payments to a landlord reimbursing BIZ Assessments or contractual payment to the Business Improvement Zone, as the case may be.

A Director who has failed to meet the applicable requirements either Section 5.3A or 5.3B for a period of thirty (30) days shall cease to be a Director unless the Board has adopted a resolution extending the period for compliance. Whether or not the Board has adopted such a resolution, a Director who has failed to meet all of the applicable qualifications in this Section 5.3 for a period of sixty (60) days, shall immediately cease to be a Director and his or her position on the Board shall be considered to be vacant.

5.4 SELECTION AND REMOVAL OF DIRECTORS

A. One (1) position on the Board (which is identified in the Zone Plan) shall be filled by an individual nominated by the Mayor of the City of Ann Arbor and approved by the Ann Arbor City Council That Director may be appointed for a one (1), two (2), or three (3) year term and shall serve at the pleasure of the Mayor. Other Directors shall serve for one (1), two (2) or three (3) year terms, as set forth in the Zone Plan or in the resolutions of the Board establishing the size of the Board.

B. The other positions on the Board shall initially be filled by the individuals identified in the Zone Plan. These other Directors shall serve for one (1), two (2) or three (3) year terms, as set forth in the Zone Plan or in the resolutions of the Board establishing the size of the Board.

C. The terms of office of Directors identified in the initial Zone Plan shall be scheduled to end on June 30, 2015 for Directors identified in the initial Zone Plan as serving for one (1) year terms, on June 30, 2016 for Directors identified in the initial Zone Plan as serving for two (2) year terms and on June 30, 2017 for Directors identified in the initial Zone Plan as serving for three (3) year terms. The Director appointed by the Mayor of the City of Ann Arbor may be appointed for a one, two, or three-year term, as determined by the Mayor. The terms of office of Directors (other than Directors identified in the initial Zone Plan and Directors elected to fill vacancies) shall commence on July 1st and shall be scheduled to end on June 30th of the first, second or third year thereafter. At each Annual Meeting of the Property Owners, the Property Owners shall elect Directors to fill positions on the Board having terms that are due to expire on June 30th of that year. Individuals so elected shall take office on July 1st. A Director shall be eligible for re-election to an unlimited number of terms.

D. A Director may resign by written notice mailed or delivered personally to the principal office of the Corporation or to the Chairman. The resignation shall be effective immediately upon receipt at the principal office of the Corporation unless a later date is specified in the resignation. A resignation does not need to be accepted or ratified by the Board of Directors in order to be effective.

E. Any Director may be removed from office for cause at any meeting of the Board of Directors by the vote of a majority of the Directors then serving. Because active involvement of all Directors is necessary for the Corporation to function effectively (and without limiting the preceding), the failure to attend three (3) consecutive meetings of the Board of Directors held during any period, whether or not the absences have been excused, shall be conclusively presumed to constitute cause for removal of a Director.

F. Vacancies in positions on the Board (other than in the position filled by a nominee of the Mayor of the City of Ann Arbor) arising from death, resignation,

removal, termination of office for failure to meet the qualifications under Section 5.4., the failure of Property Owners to elect a Director to fill an expired term or for any other reason, may be filled by the Board. The term of office of Director elected to fill a vacancy shall begin immediately upon election by the Board and shall continue until the following June 30th. The Property Owners shall elect a successor (or re-elect the Director) at the Annual Meeting immediately preceding expiration of the term. Unless the term of the Director whose position became vacant was scheduled to expire on the following June 30th, the Director elected by the Property Owners to fill the vacancy shall serve for the remainder of the term of the Director whose position became vacant.

5.5 MEETINGS OF THE BOARD OF DIRECTORS.

A. The Board shall adopt, and may modify, a schedule of regular meetings of the Board. The first regular meeting held in the month of April of each year shall be the Annual Meeting of the Board. At the Annual Meeting, Directors shall elect officers and consider such other business as may properly be brought before the meeting. If, for any reason, the Annual Meeting is not held in any year, the matters that might have been considered at that meeting may be taken up at any later regular, Special or Annual Meeting.

B. Special Meetings of the Board may be called by the Board or by the Chairman and shall be called by the Chairman upon the written request of at least three (3) Directors. The Board may conduct any business at a Special Meeting as may properly be brought before the meeting and is not limited to matters that may have been specified in the notice of the meeting.

C. All Annual and Special Meetings of the Board shall be held at such places in the City of Ann Arbor available to the public and reasonably accessible from the Zone Area as determined by the Board or, if the Board has not acted, by the Chairman.

D. All meetings of the Board shall be conducted in accordance with the applicable provisions of the Open Meetings Act.

5.6 NOTICE OF MEETINGS OF THE BOARD OF DIRECTORS.

A. The Corporation shall provide public notice of all Annual and Special Meetings of the Board, including adjourned, recessed and rescheduled meetings, as required by the Open Meetings Act.

B. Written notice of the time and place of all Annual and Special Meetings of the Board shall be given to each Director at least three (3) days before the date of the meeting, either personally or by sending such notice to each director by regular or electronic mail at the address designated by the director for such purposes, or if none is designated, at the Director's last known address. No such notice is required for an adjourned, recessed or rescheduled meeting of the Directors. As long as notice of a meeting of the Board has been given in accordance with the Open Meetings Act, the failure to give or receive written notice by regular or electronic mail or any defect in such written notice shall not affect the validity of any meeting or of any action taken at a meeting by the Board.

5.7 QUORUM AND VOTING REQUIREMENTS.

A majority of the Directors then in office constitutes a quorum for the transaction of business. Each Director shall have one (1) vote on all matters coming before the Board (without regard to the Weighted Vote of any Zone Property owned, leased or represented by the Director). The vote of a majority of the Directors then in office shall be the act of the Board, unless a larger vote may be required by law, under the Zone Plan or in these bylaws. A Director may not designate a proxy or other representative to cast a vote or to take any other action on his or her behalf at a meeting of the Board of Directors or of a committee of the Corporation.

5.8 COMPENSATION.

Directors shall receive no compensation for their services as Directors of the Board or as Officers of the Corporation. The preceding shall not, however, prevent the Corporation from purchasing insurance providing coverage to Directors or BIZ officers nor shall it prevent the Board from reimbursing Directors for their actual and necessary expenses incurred in the performance of their official duties as Directors or Officers of the BIZ and authorized by the Board.

5.9 CONFLICTS OF INTEREST.

Directors and officers of the Corporation are subject to, and must comply with, Act No. 317 of 1968 (MCL 15.321 et seq.), which governs contracts directly and indirectly between public servants and public bodies, and with other applicable laws addressing conflicts of interest, incompatibility of public office and ethical standards for public officials and public servants.

5.10 EXECUTION OF CONTRACTS AND CONVEYANCES.

The Board may in any instance designate one or more Officers, agents or employees to execute any contract, conveyance, mortgage or other instrument on behalf of the Corporation, and such authority may be general or confined to specific transactions. The Board may also ratify any execution. When the execution of any instrument has been authorized without specifying the executing officers or agents, the Chairman or any Vice Chairman and the Secretary or the Treasurer may execute such instrument on behalf of the Corporation.

ARTICLE VI

OFFICERS

6.1 OFFICERS.

The Officers of the Corporation shall be a Chair, a Vice Chair, a Secretary and a Treasurer. All Officers shall be Directors when elected. A Director resigning his or her position as an Officer shall remain on the Board. No individual may hold more than one (1) office at a time.

6.2 ELECTION AND TERM OF OFFICE.

All Officers shall be elected for a term of one (1) year (or until their successors have been elected) by the Board at its annual meeting.

6.3 REMOVAL.

Any Officer may be removed with or without cause by vote of the Directors at any Annual or Special Meeting of the Board.

6.4 VACANCIES.

In the event of the death, resignation, removal or other inability to serve of any Officer, the Board shall elect a successor who shall serve until the expiration of the normal term of such office or until his or her successor shall be elected.

6.5 CHAIR.

The Chair shall be the chief policy officer of the Corporation, shall preside at all meetings of the Board at which the Chair is present and shall preside at meetings of the Property Owners. If the Board has not designated an executive director for the Business Improvement Zone, the Chair shall also see that all orders and resolutions of the Board are carried into effect, and shall have the general powers of supervision and management usually vested in the chief executive officer of a public body.

6.6 VICE CHAIR.

The Vice Chair shall have such duties as determined from time to time by the Board or the Chair.

6.7 SECRETARY.

The Secretary shall see that all required notices of meetings of the Property Owners and the Board are given, shall see that minutes of meetings of the Property Owners and the Board are maintained, shall receive and attend to correspondence of the Board, shall have custody of documents belonging to the corporation (except as otherwise provided in these bylaws or by the Board) and shall perform such other duties as usually pertain to the office or as shall be determined from time to time by the Board.

6.8 TREASURER

The Treasurer shall have charge of the funds of the Corporation, except for such funds as the Board may designate; shall see that an accounting system is maintained that will give a true and accurate accounting of the financial transactions of the Corporation; shall see that audits of the Corporation and the Business Improvement Zone are conducted in accordance with applicable law; and shall render reports from time to time as requested by the Board of his or her activities and the financial condition of the Corporation and the Business Improvement Zone. All funds received by the Treasurer shall immediately be deposited in a depository designated by the Board in accordance with the BIZ Statute and other applicable laws.

ARTICLE VII

COMMITTEES

7.1 COMMITTEES.

The Board shall establish an Executive Committee and a Nominating Committee and may establish and define the responsibilities of such additional standing and special committees as it determines are appropriate from time to time to carry out the purposes and programs of the Corporation. Notwithstanding the preceding, however, committees shall perform only administrative and advisory functions and no committee shall exercise any governmental or proprietary powers or functions on behalf of the Corporation. Except as otherwise provided by the Board or in these bylaws, individuals who are not Directors shall be eligible to serve on committees but shall not be eligible to serve as chair of any committee. Unless the composition of a committee is set forth in these Bylaws, the Property Owners and chairs of committees shall be nominated by the Chair and elected by the Board at its annual meeting for one (1) year terms or until their successors have been duly elected, but may be removed and replaced at any time by the Board. The Chair and, if elected, the executive director of the Corporation may attend and participate, without a vote, in the meetings of all committees of which the Chair or the executive director is not otherwise a Property Owner.

7.2 EXECUTIVE COMMITTEE.

The Executive Committee shall consist of the Chair, the Vice Chair, the Secretary and the Treasurer of the Corporation. The Executive Committee shall supervise matters involving the proposed agendas for meetings of the Board of Directors and of the Property Owners; the negotiation and performance of contracts for the Business Improvement Zone; the selection, compensation and supervision of personnel (if any) for the Corporation; the preparation of proposed budgets for the Corporation and the Business Improvement Zone; audits and financial management of the Corporation and the Business Improvement Zone; and other issues relating to the day-to-day operation of the Corporation and the Business Improvement Zone and shall provide recommendations with respect to such matters, as necessary, to the Board of Directors. The Executive Committee shall perform such additional tasks as determined from time to time by the Board of Directors.

7.3 NOMINATING COMMITTEE.

The Board shall appoint a Nominating Committee consisting of the Chair and at least two (2) other Directors. The Nominating Committee shall recommend: procedures for carrying out the nominating process to the Board; a slate of one or more candidates for each position on the Board to be filled at Annual Meetings of the Property Owners and, when requested to do so by the Board, candidates to fill vacancies occurring on the Board between Annual Meetings of the Property Owners and candidates to serve as officers. An individual need not be recommended by the Nominating Committee to be elected as a Director or officer. In recommending candidates, the Nominating Committee shall seek and consider recommendations from Property Owners and tenants of Zone Property and shall promote the goal expressed in the Zone Plan that the Board represent the diversity of the business and property owners the Zone Area, including

those situated in various parts of the Zone Area, owners of large and modest properties, Property Owners of differing racial and ethnic groups and those providing various kinds of goods or services.

ARTICLE VIII

INDEMNIFICATION OF OFFICERS, EMPLOYEES, DIRECTORS AND AGENTS

8.1. INDEMNIFICATION FROM CLAIMS OF THIRD PARTIES

The Corporation shall indemnify a Director, Officer, employee or agent who was or is a party or is threatened to be made a party to a threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative and whether formal or informal, other than an action by or in the right of the Corporation, by reason of the fact that he or she is or was a Director, officer, employee or agent of the Corporation against expenses, including attorneys' fees, judgments, penalties, fines, and amounts paid in settlement actually and reasonably incurred in connection with the action, suit, or proceeding, if the person to be indemnified acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation, and with respect to any criminal action or proceeding, if he or she had no reasonable cause to believe the conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, does not, of itself, create a presumption that he or she did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that the conduct was unlawful.

8.2. INDEMNIFICATION FROM CLAIMS BY OR BY RIGHT OF THE CORPORATION

The Corporation shall indemnify a Director, Officer, employee or agent who was or is a party to or is threatened to be made a party to a threatened, pending, or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he or she is or was a Director, officer, employee or agent of the Corporation against expense, including actual and reasonable attorneys' fees, and amounts paid in settlement incurred by the person in connection with the action or suit, if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation. However, indemnification under this Section shall not be made for a claim, issue, or matter in which he or she has been found liable to the Corporation unless and only to the extent that the court in which the action or suit was brought has determined upon application that, despite the adjudication of liability but in view of all circumstances of the case, he or she is fairly and reasonably entitled to indemnification for the expenses which the court considers proper.

8.3 CONDITIONS TO INDEMNIFICATION

An indemnification under Sections 8.1 or 8.2 hereof, unless ordered by a court, shall be made by the corporation only as authorized in the specific case upon a determination that indemnification is proper in the circumstances because the applicable

standard of conduct has been met. This determination shall be made in any of the following ways:

A. By a majority vote of a quorum of the Board of Directors consisting of Directors who were not parties to the action, suit, or proceeding.

B. If the quorum described in subdivision A is not obtainable, then by a majority vote of a committee of Directors who are not parties to the action. The committee shall consist of not less than two (2) disinterested Board Property Owners.

C. By independent legal counsel in a written opinion.

8.4. EXPENSES

A. Expenses incurred in defending a civil or criminal action, suit, or proceeding described in Sections 8.1 or 8.2 above shall be paid by the corporation in advance of the final disposition of the action, suit, or proceeding upon receipt of any undertaking by or on behalf of the person being indemnified to repay the expenses if it is ultimately determined that he or she is not entitled to be indemnified by the corporation. The undertaking shall be by unlimited general obligation of the person on whose behalf advances are made but need not be secured.

B. If a person is entitled to indemnification under Sections 8.1 or 8.2 for a portion of expenses including attorneys' fees, judgments, penalties, fines, and amounts paid in settlement, but not for the total amount thereof, the corporation shall indemnify the portion of the expenses, judgments, penalties, fines, or amounts paid in settlement for which the person is entitled to be indemnified.

C. The indemnification or advancement of expenses provided under Sections 8.1 through 8.4 is not exclusive of other rights to which a person seeking indemnification or advancement of expenses may be entitled under the Articles of Incorporation, or Bylaws of the Corporation, or a contractual agreement of the Corporation. However, the total amount of expenses advanced or indemnified from all sources combined shall not exceed the amount of actual expenses incurred by the person seeking indemnification or advancement of expenses. The indemnification provided for in Sections 8.1 through 8.4 continues as to a person who ceases to be a Director, officer, employee, or agent and shall inure to the benefit of the heirs, executors, administrators of the person.

8.5. INSURANCE

The Corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a Director, officer, employee, or agent of another corporation, business corporation, partnership, joint venture, trust or other enterprise against any liability asserted against the person and incurred by the person in any such capacity or arising out of the person's status as such, whether or not the Corporation would have the power to indemnify the person against such liability under the provisions of the Michigan Nonprofit Corporation Act.

IX

MISCELLANEOUS

9.1 PRINCIPAL OFFICE.

The principal office of the Corporation shall be at such place in Zone Area as the Board shall determine from time to time.

9.2 FISCAL YEAR.

The fiscal year of the Corporation shall begin on July 1st of each year and continue until June 30th of the following year (or until the earlier termination of the Corporation).

9.3 DISSOLUTION.

The Corporation may be dissolved under the procedures set forth in Section 10 I of the BIZ Statute, MCL 125.990I and the Zone Plan.

9.4 AMENDMENTS.

These Bylaws may be amended, and new Bylaws adopted, by the Board of Directors. Amendments to these Bylaws and any new bylaws may be proposed at any meeting of the Board of Directors, but shall not be effective until ratified by the Board of Directors at a subsequent Annual or Special meeting; provided, however, that no provision of any amended or new Bylaw that is inconsistent with the Zone Plan shall be effective until a corresponding amendment to the Zone Plan has been adopted by the Property Owners (and, if applicable, by the Ann Arbor City Council).