

**THIRD AMENDED AND RESTATED  
BY-LAWS OF THE  
KING OF PRUSSIA BUSINESS IMPROVEMENT DISTRICT, INC.**

Adopted \_\_\_\_\_, 2025.

**ARTICLE I  
GENERAL**

**SECTION 1.01 – NAME; DISTRICT.** The name of this Corporation is the King of Prussia Business Improvement District, Inc. ("Corporation") also referred to as the King of Prussia District. As used herein the "District" shall refer to those properties located within the physical boundaries of the business improvement district of Upper Merion Township, Pennsylvania, as defined by Ordinance No. 2010-791 (the "Ordinance"), as such area may be amended from time to time.

**SECTION 1.02 - OFFICES; REGISTERED AGENT.** The Board of Directors ("Board" or individually a "Director") shall maintain an office of the Corporation within the vicinity of the District as it may designate by resolution from time to time. A registered agent may be designated by the Corporation.

**ARTICLE II  
PURPOSE; MEMBERSHIP**

**SECTION 2.01 - PURPOSES.** The Corporation shall:

- a) Operate a Business Improvement District and function as a Neighborhood Improvement District Management Association (NIDMA) under the applicable Pennsylvania laws;
- b) Formulate, promote and implement economic revitalization within the District;
- c) Provide a self-help mechanism to help expand business opportunities and sales, improve property values and enhance the environment for residents, shoppers, commercial tenants and visitors;
- d) Mobilize public and private resources for this purpose and maintain communication with property owners and tenants within the District; and
- e) Implement the activities described in the authorizing Ordinance.

**SECTION 2.02 - TAX CODE.** The Corporation is organized exclusively for charitable or educational purposes, within the meaning of section 501(c)3 of the Internal Revenue Code (or corresponding section of any future Federal Tax code). Notwithstanding any other provision of these By-Laws, the Corporation shall not carry on any other activities not permitted to be carried on by a corporation exempt from Federal income tax under Section 501(c)3 of the Internal Revenue Code. The Corporation has applied for and received tax exempt status under Section 501(c)3 of the Internal Revenue Code.

No substantial part of the activities of the Corporation shall involve attempting to influence legislation and the Corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office.

**SECTION 2.03 - DISSOLUTION.** Except as otherwise prohibited by Pennsylvania law, in the event of dissolution of the Corporation, all cash assets, after satisfying any creditors, shall be distributed

to the assessed properties in the District in proportion to their shares of total assessments. All non-cash assets shall be offered to Upper Merion Township.

#### SECTION 2.04 - MEMBERSHIP.

- a) Members of the Corporation ("Members") are those property owners whose property is within the District and whose property is being assessed a District fee by Upper Merion Township, in accordance with its Ordinance, to support the activities of the District. Owners of properties located within the District, but not being assessed a fee ("Non-assessed property owners"), shall not be considered as Members.
- b) Members shall be afforded all membership rights including the right to vote in accordance with these By-Laws and the Upper Merion Township enabling Ordinance and the right to serve as a Director, provided that all assessments due have been paid in full through the last municipal tax year.
- c) Non-assessed property owners may become Members by making annual voluntary contributions to the District in the amount equal to the amount of the assessment they would have been charged if their property was subject to assessment, and in doing so become full Members of the Corporation and eligible to participate fully in its operations as defined by these By-Laws and the Upper Merion Township enabling Ordinance.
- d) Non-assessed property owners and other non-members of the Corporation may be invited to access or participate in activities or programs of the Corporation on a fee-for-service basis, or on such other terms as the Board of Directors shall determine.

SECTION 2.05 - INCORPORATION. The Corporation is formed under and has been chartered by the Secretary of State of the Commonwealth of Pennsylvania.

### ARTICLE III BOARD OF DIRECTORS

#### SECTION 3.01 - GOVERNANCE.

- a) Board of Directors. There will be a minimum of thirteen (13) members of the Board of Directors of the Corporation. The terms of the particular Board members shall be as set forth in Section 3.02(b) below.
  - (1) The Board of Directors will consist of the Administrative Board (as defined herein) and those other Directors as nominated by the Nominations Committee and approved by the Board pursuant to these By-Laws. The Nominations Committee shall nominate all of the prospective members of the Board except for those Board seats occupied by the official of the Township and the property owners of each of the three highest assessed properties within the District.
  - (2) At least four of the Directors not on the Administrative Board shall be assessed property owners within the District. The Directors not on the Administrative Board, may, at the Board's discretion, also include Non-assessed property owners within the District and non-property owners with expertise or valuable input as to community and Business Improvement District issues.
  - (3) The input of all Directors is in all cases encouraged, and where possible decision-making consensus shall occur between the Administrative Board and the other Directors on the Board.

b) Administrative Board. There will be nine members of the Board of Directors that will make up the Administrative Board ("Administrative Board") of the Corporation.

- (1) Five members of the Administrative Board will represent (i) the four Executive Officers identified in Section 5.01 below: the Chair of the Board, Vice-Chair, Secretary, and Treasurer and (ii) the immediate past Chair of the Corporation.
- (2) One member of the Administrative Board will represent and be selected by Upper Merion Township in accordance with applicable Pennsylvania law. The Township seat shall not be subject to appointment procedures or term limitations set forth herein. The Township has sole discretion to fill this seat with the Township official of its choice, for the length of term of its choice.
- (3) Three members of the Administrative Board will represent property owners of each of the three highest assessed properties within the District. Highest assessed properties shall be determined as of the time of initial appointment. As to subsequent terms, highest assessed properties shall be determined by the most recently published Montgomery County tax assessment status as received by the District. Multiple properties owned or controlled by the same or related entity shall count as one property for purposes of determining the three highest assessed properties. In no case shall representatives from one Member hold more than one seat. If one of the three highest assessed properties declines its seat, the next highest assessed property without a seat shall hold the seat. If a representative of one of the three highest assessed properties becomes an Officer, the Chair, with the assistance of the Nominations Committee, shall appoint another Director on the Board to serve on the Administrative Board until the Officer term of that representative has expired to ensure an odd number of members of the Administrative Board.

Except as otherwise expressly set forth in these By-Laws, the majority vote of the Administrative Board will be considered only if (i) a consensus cannot be reached by the Board of Directors or (ii) an official action or vote is required under applicable Pennsylvania law. If a consensus cannot be reached by the Board of Directors, the Chair, at his or her sole and absolute discretion, can call for an official action or vote of the Administrative Board.

All members of the Administrative Board must be Members, except the Township official.

c) Powers of the Board of Directors. Consistent with state law, municipal ordinance and these By-Laws, responsibility for managing the affairs of the Corporation shall be exercised by and be under the authority of the Board of Directors. This shall include, without limitation, conducting an annual audit and Annual Meeting, providing the Members with other reports on Corporation activities from time to time and ensuring that the programs of the Corporation are being implemented. The Board shall be responsible for hiring and firing senior employees, establishing compensation for such employees, and otherwise overseeing the performance of employees. The Board may share or delegate the power to hire and fire lesser employees and others with such senior employees as they shall from time to time determine. The Board may delegate any of its responsibilities herein to any employees, Officers or Committees as it deems fit from time to time. In addition to the specific powers conferred by these By-Laws the Board of Directors shall have and may exercise all such powers of the Corporation and do all such lawful acts and things as are authorized to be exercised under the law, to the extent that such powers are consistent with the Corporation's charitable purposes as set forth in its Articles of Incorporation and these By-Laws.

## SECTION 3.02 - TERM OF OFFICE.

- a) Initial Directors. The incorporators of the Corporation served as Directors until the organizational meeting which served as the first Annual Meeting. At this organizational meeting initial Directors were elected by the Members.
- b) Terms.
  - (1) Directors. The members of the Board of Directors that are not on the Administrative Board shall each serve a term of three (3) calendar years, and each of the said Directors may hold his or her seat, if re-elected, for a maximum of nine (9) consecutive calendar years.
  - (2) Administrative Board. The members of the Board of Directors that are on the Administrative Board shall serve the following terms:
    - A. The Directors holding the Executive Officers' seats on the Administrative Board shall each serve a term of three (3) calendar years, and each of the said Directors may hold his or her seat, if re-elected, for a maximum of nine (9) consecutive calendar years, except as otherwise set forth herein. Notwithstanding the foregoing, the immediate past Chair may remain on the Board for a period no longer than six (6) calendar years after his or her term as Chair has ended, so long as he or she continues to be a Member, or be employed by any Member (whether or not it is the same Member he or she was representing during his or her term as Chair)
    - B. The Director holding the Township seat on the Administrative Board shall serve a term, the length of which, shall be the choice of the Township, at the Township's sole and absolute discretion; and
    - C. The Directors holding the three highest assessed property seats on the Administrative Board shall each serve a term of one (1) calendar year, and at the end each one (1) calendar year term, said Director may continue to hold his or her seat for another term of one (1) calendar year if the applicable property for said Director remains one of the three highest assessed properties within the District.
- c) Notwithstanding the particular term of a Board of Director, if said Director is off of the Board for a period of at least one (1) calendar year, said Director may seek reelection to the Board even if he or she has previously reached the maximum consecutive years permitted under these By-Laws.

SECTION 3.03 - REMOVAL OF DIRECTORS; VACANCIES. At any meeting of the Directors, duly called and at which a quorum is present, the Directors may, by a consensus of the Board of Directors, remove with or without cause, any Director from office and may appoint a successor to serve for the balance of the term of such removed Director. Vacancies occurring on the Board for any reason, including resignation, may be filled by a consensus of the Board of Directors then in office. A Director appointed to fill a vacancy shall hold office for the unexpired term of his or her predecessor. If a Director holding one of the three highest assessed property seats is removed, the property owner holding the seat may appoint another representative of his, her, or its choosing to the seat.

## SECTION 3.04 - MEETINGS.

- a) All meetings of the Board are open to the Members except when circumstances require confidential discussions. In choosing to close a meeting the Board shall as closely as possible follow the rules and procedures used by Upper Merion Township's governing body and report decisions made in closed sessions as soon as circumstances permit. Committee meetings are not open to Members unless otherwise agreed to by each committee on a meeting-by-meeting basis.
- b) An annual meeting ("Annual Meeting") of the Corporation and its Members shall be held each year at a time and place established by the Officers. The Secretary (or the Secretary's designee) shall cause to be mailed to every Member in good standing at the address as it appears on the membership roll book of the Corporation, a notice stating the time and place of the Annual Meeting. The Nominations Committee shall submit its report to the Board of Directors for review and approval at the November Board Meeting and the results of the Board's review shall be announced at the Annual Meeting.
- c) Regular meetings of the Board may be scheduled at any meeting by the Board of Directors. Special meetings may be called by the Chair of the Board. Notice of the place, day and hour of a special meeting shall be given to each Director at least three (3) days before the meeting, by delivering the same personally, by telephone, or by mailing such notice at least six (6) days before the meeting, postage prepaid, and addressed to each Director at his or her last known address. Any notice of a special meeting shall state the business to be transacted. Meetings may be conducted by conference call if all Directors present can hear and participate, provided that at least one Director is at a site where Members can gather to listen to the proceedings. E-mail or fax notification may be substituted for notification by mail.
- d) Directors failing to attend two consecutive meetings shall be provided a warning by the Board of Directors via any means provided for as to meeting notice in this Section 3.04. If following such warning, a third meeting is missed at any time within the Director's then-current term, removal action may be taken by the Board of Directors, in its discretion, pursuant to Section 3.03. If a Director holding one of the three highest assessed property seats is removed, the property owner holding the seat may appoint another representative of his, her, or its choosing to the permanent seat. Removal for failure to attend meetings does not otherwise limit the discretionary action of the Board of Directors permitted pursuant to Section 3.03.
- e) The attendance and removal requirements of this Section 3.04 shall only apply to meeting attendance in a Director's then-current term.
- f) Notwithstanding anything herein to the contrary, notice of meetings may be given by any means permitted under the law.

**SECTION 3.05 - QUORUM.** A majority of the Administrative Board shall constitute a quorum for the transaction of business, except in cases where by statute, Articles of Incorporation or provision of these By-Laws it is otherwise prohibited. In the absence of a quorum, the Administrative Board present by a majority vote and without notice other than by announcement may adjourn the meeting from time to time until a quorum shall attend. No proxies may be accepted. A consensus of the Board of Directors at a meeting at which a quorum is present shall be considered the acts of the Board except as otherwise expressly set forth herein.

**SECTION 3.06 - BUDGET APPROVAL.** Upon preliminary approval by the Board of a proposed annual budget, all Members shall be given notice of a meeting at a specified place and at a time, which shall be at least two weeks following the notice. At this meeting, comment from Members

and other interested parties will be solicited. A proposed budget, including any modification made following this public meeting, may thereafter be adopted by a consensus of the Board of Directors.

**SECTION 3.07 - COMPENSATION.** No part of the earnings of the Corporation shall inure to the benefit of, or be distributable to its Members, trustees, Directors, Officers or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of Section 501(c)3 purposes. Corporation may reimburse Directors and Officers for reasonable expenses incurred in connection with their duties as Directors and Officers as approved by the Board from time to time.

**SECTION 3.08 - CONSENT OF MEMBERS IN LIEU OF MEETING.** Any action required or permitted to be taken at a meeting of the Members or of the Board may be taken without a meeting if, prior or subsequent to the action, a consent or consents thereto by all of the Members or Directors who would be entitled to vote at a meeting for such purpose shall be filed with the Secretary of the Corporation.

## **ARTICLE IV COMMITTEES**

**SECTION 4.01 - COMMITTEES GENERALLY.** The Board of Directors may provide for standing or special committees with such powers and duties as it deems desirable and may discontinue the same at its pleasure. The members of all such committees shall include any Member of the Corporation. At least one member of each standing committee or special committee shall be on the Board of Directors, and the chairperson of the committee must be a member of the Board of Directors. The remaining members of such committees may, but need not, be Directors. Vacancies on any committee shall be filled by the Chair of the Board of Directors.

**SECTION 4.02 - EXECUTIVE COMMITTEE.** There is hereby established an Executive Committee consisting of the Chair and such other Officers of the Corporation and other individuals as determined by the Board from time to time. The Executive Committee shall have such duties and responsibilities as the Board from time to time determines. If the Executive Committee consists of any employees of the Corporation, such employees shall not be permitted to participate in committee discussions, meetings or votes with regard to his or her own employment.

**SECTION 4.03 - NOMINATIONS COMMITTEE.** There is hereby established a standing Nominations Committee appointed by the Board of Directors. The purpose of the Nominations Committee is to seek out candidates who wish to stand as members of the Board of Directors, Officers, and committees. Nominations Committee decisions shall consider and encourage participation by a range of commercial interests and sizes, including both large and small business activities; and varied commercial sector interests including but not limited to commercial and industrial office parks, hospitality interests, large and small retail, and storefront operations, and geographic representation within the District. The number of members of the Nominations Committee shall be set at five members initially; any additional change to that number shall be at the discretion of the Board of Directors. To the extent that it is feasible and they are willing to serve, the Nominations Committee membership shall include three seats reserved for former Chairs of the Board of Directors, including the immediate past Chair of the Board, as long as such former Chairs remain Members of the Corporation, plus one seat reserved for the current Chair of the Board and one seat reserved for the current Vice-Chair of the Board. If the seats on the Nominations Committee are at any time unable to be filled with the reserved positions, the Chair of the Board may appoint such other Members of the Corporation to serve.

The chairperson of the Nominations Committee shall be the immediate past Chair of the Board, provided that if such immediate past Chair of the Board declines or is unable to serve, the Chair of the Board of Directors shall appoint another chairperson of the Nominations Committee.

The Nominations Committee shall strongly consider those individuals who are assessed property owners within the District or representative thereof, who have performed diligently, for nomination to Officer positions that are vacant and available to said individuals.

In addition to the foregoing, and subject to any term limitations set forth in these By-Laws, any assessed property owner within the District may request that his, her, or its representative be considered for nomination at least thirty days prior to the October Nominations Committee meeting at which Director nominations will be considered for presentation to the Board at the November Board meeting. Such an unsolicited request shall result in the name being presented as a non-endorsed candidate.

**SECTION 4.04 - COMMITTEE REPORTS.** All recommendations by a committee shall be reported, during a Board meeting, to the Board of Directors.

**SECTION 4.05 - MEETINGS OF COMMITTEES.** Each committee shall meet at the call of the chairperson of the committee or any two members of the committee.

**SECTION 4.06 - PARTICIPATION IN COMMITTEES.** In selecting members of committees, the Board shall encourage widespread participation among members of the business community, commercial property owners, residents, and others concerned about the economic advancement of the District. From time to time, special committees may be named to advise the Board on issues on which additional perspective may be required and public meetings may be held to solicit advice from those concerned about the economic well-being of the District.

## **ARTICLE V OFFICERS AND EMPLOYEES**

**SECTION 5.01 - EXECUTIVE OFFICERS.**

- a) Election. By a consensus of the Board of Directors at the November Board Meeting, the Board shall elect, from the Directors, a Chair of the Board, a Vice-Chair, a Secretary and a Treasurer (the "Officers").
- b) Term. Terms for all Officer positions shall be for one (1) calendar year, and each Officer may hold his or her office, if re-elected, for a maximum of three (3) consecutive calendar years, except as otherwise expressly set forth herein. Notwithstanding the foregoing, the Treasurer may hold his or her office, if re-elected, for a maximum of five (5) consecutive calendar years. Officers may serve additional terms after a one year gap in service (i.e. three years in such position (five years for Treasurer), one year off, three years on (five years for Treasurer), etc.). If an Officer's term on the Board expires while said Officer remains in office, he or she can be nominated for an additional term as an Officer.

**SECTION 5.02 - CHAIR AND VICE-CHAIR OF THE BOARD.**

- a) Chair. The Chair of the Board shall preside at all meetings of the Board at which he or she shall be present. He or she shall have and may exercise such powers as are from time to time assigned by the Board of Directors. The Chair shall have general charge and supervision of the activities and affairs of the Corporation. When authorized by the Board of Directors, he or she may sign and execute in the name of the Corporation all authorized instruments, except in cases in which the execution thereof expressly requires two signatures or where power to execute an agreement has been delegated by resolution of the Board of Directors to some other officer or agent of the Corporation.

b) Vice Chair. At the request of the Chair or in his or her absence, or during his or her inability to act, the Vice-Chair shall perform the duties and exercise the functions of the Chair of the Board, and when so acting shall have the powers of the Chair of the Board. The Vice-Chair shall otherwise have such powers and duties as may be assigned by the Chair.

SECTION 5.03 – PRESIDENT/CHIEF EXECUTIVE OFFICER. The Board may appoint a President/Chief Executive Officer (CEO). The President/CEO shall perform all duties incident to the position, including but not limited to supervision of services, contract management, grant solicitation, committee support, maintenance of accounts, notices, issuance of public statements and positions, and all such other duties as may be assigned from time to time by the Board of Directors.

SECTION 5.04 - SECRETARY. The Secretary shall keep:

- a) the minutes of the meetings of the Board of Directors in books provided for the purpose.
- b) a roll book of Members which derives from the tax records of Upper Merion Township.
- c) all other resolutions and acts of the Corporation.

By resolution of the Board of Directors, custody of records may be placed in Corporation offices and under the daily control of designated staff. Ministerial functions of the Secretary may be assigned to designated staff by the Board. The Secretary shall see that all notices are duly given in accordance with the provisions of the By-Laws or as required by law. He or she shall be custodian of the records of the Corporation; see that the corporate seal is affixed to all documents which require said seal and which has been authorized to execute on behalf of the Corporation and when so affixing may attest to same; and, in general, perform all duties as, from time to time, may be assigned by the Board of Directors or the Chair.

SECTION 5.05 - TREASURER. The Treasurer shall have charge of and be responsible for all funds, securities, receipts and disbursements of the Corporation, and shall deposit or cause to be deposited in the name of the Corporation all monies and other valuable effects in such bank, or other depositories as shall, from time to time, be collected the Board of Directors. Whenever required, the Treasurer shall provide an account of the financial condition of the Corporation, and, in general, shall perform all duties incident to the office of a treasurer of a Corporation and such other duties as may be assigned to him or her by the Board of Directors or the Chair. The Treasurer shall make a presentation on the fiscal condition of the Corporation at the Annual Meeting.

SECTION 5.06 – VACANCY; REMOVAL.

- a) Vacancy of Chair. In the event that the Chair resigns or is removed from office, the Vice-Chair shall become the Chair and a new Vice-Chair shall be elected at the next regularly scheduled meeting of the Board. The person filling a vacancy in the unexpired term of Chair shall serve for the unexpired term of the Chair, as well as his or her one year term just as if he or she had succeeded to the position of Chair at the end of the Chair's term.
- b) Removal. Any Officer may be removed from office by a consensus of the Board of Directors, with or without cause. Such Officer shall abstain from the removal vote. A new Officer shall be elected at its next regularly scheduled meeting, and shall then serve for the remainder of the unexpired term of the removed Officer.

SECTION 5.07 - SUBORDINATE OFFICERS, COMMITTEES AND AGENTS. The Board may from time to time elect such other officers and appoint such committees, employees or other

agents as the business of the Corporation may require, including one or more Assistant Secretaries, and one or more Assistant Treasurers, each of whom shall hold office for such period, have such authority, and perform such duties as are provided in these By-Laws or as the Board may from time to time determine. The Board may delegate to any Officer or committee the power to elect subordinate officers and to retain or appoint employees or other agents, or committees and to prescribe the authority and duties of such subordinate officers, committees, employees or other agents.

## **ARTICLE VI FINANCIAL**

**SECTION 6.01 - FINANCIAL POLICIES.** The Board shall adopt such financial and procurement policies as it deems appropriate from time to time, which policies shall be maintained in the offices of the Corporation.

**SECTION 6.02 - ANNUAL REPORTS AND AUDITS.** Annual reports and audits shall be prepared annually and reflect a full and correct statement of the affairs of the Corporation, including a balance sheet and a statement of operations from the preceding year. Reports and audits shall be prepared and certified by an independent Certified Public Accountant, whose report shall be submitted at a regular meeting of the Board and filed immediately thereafter at the principal office of the Corporation. This report shall be mailed to all Members of the Corporation and other interested public and private sector persons and filed with Upper Merion Township and as required by law, the Secretary of State of the Commonwealth or other required governmental agencies.

**SECTION 6.03 - FISCAL YEAR.** The fiscal year of the Corporation shall begin January 1, unless otherwise specified by the Board of Directors by resolution.

## **ARTICLE VII MISCELLANEOUS**

**SECTION 7.01 - SEAL.** The Corporation shall maintain a suitable seal, bearing the name of the Corporation, which shall be in the custody and charge of the Secretary.

**SECTION 7.02 - INSURANCE.** The Corporation shall maintain insurance in such kinds and amounts as deemed necessary by the Board, including to insure itself for liability of its Directors and Officers and bonding when deemed necessary. The Treasurer shall be bonded, which bond shall be paid for by the Corporation.

**SECTION 7.03 - PERSONAL LIABILITY OF DIRECTORS.** A Director of this Corporation shall not be personally liable for monetary damages as such for any action taken, or any failure to take any action, unless:

- a. the Director has breached or failed to perform the duties of his or her office under 15 PA C.S.A. Section 513 (which, as amended from time to time, is hereafter called Section 513); and
- b. the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness.

This Section 7.03 shall not limit a Director's liability for monetary damages to the extent prohibited by the provisions of the Pennsylvania Nonprofit Corporation Law of 1988. The provisions of this Section shall not apply to the responsibility or liability of a Director pursuant to any criminal statute.

**SECTION 7.04 – PROCEDURE; INTERPRETATION.** The most recent edition of "Roberts' Rules of Order" shall govern daily course of procedure not otherwise provided for in these By-Laws. As used herein, words denoting the singular shall include the plural and vice versa, where appropriate, and words denoting one gender shall include the other gender.

**SECTION 7.05 - AMENDMENTS.** A proposal to amend, alter, repeal, or enact By-Laws may be made by motion of the Board of Directors, or by petition of at least twenty-five Corporation Members, with such petition presented to the Board of Directors. The proposed amendment to the By-Laws shall be adopted only upon receiving the affirmative vote of two-thirds of those Corporation Members present at a special meeting of the Corporation. A special meeting of the Corporation shall be held within ninety days of the proposed amendment being made, or petition received, by the Board of Directors. The meeting of the Corporation shall be advertised two times for two consecutive weeks prior to the special meeting, with the second advertisement being at least seven days prior to the special meeting. In addition, notices of the special meeting shall be sent via regular mail to the last known address of all Members of the Corporation, with such mail being sent at least fourteen days prior to the special meeting. The procedures and notice requirements in this Section 7.05 shall apply irrespective of any contrary provisions which may be contained in these By-Laws.

**SECTION 7.06 - CONFLICT OF INTEREST.** Any material conflict of interest based on a financial interest or benefit, on the part of any Director or committee member shall be disclosed, in writing, to the Board of Directors, and except for a continuing disclosed conflict, whenever any Corporation contract or transaction in which a Director or committee member has a financial interest or benefit becomes a matter of Board, committee, or Corporation action. Any Director having a financial interest or benefit in any contract or transaction being considered at a committee meeting or meeting of the Board of Directors shall not vote or use his or her personal influence in the meeting, even where such actions are otherwise permitted by law. The minutes of the meeting shall record compliance with these requirements. The section shall not be construed as to prevent the interested Director or committee member from briefly stating his or her position regarding the contract and transaction, nor from answering pertinent questions of other Directors or committee members, since his or her knowledge may be of great assistance. All new committee members and Directors shall be immediately advised of the requirements of this Section.

**SECTION 7.07 - STANDARD OF CARE; JUSTIFIABLE RELIANCE.** A Director shall stand in a fiduciary relation to the Corporation and shall perform his or her duties as a Director, including duties as a member of any committee of the Board upon which the Director may serve, in good faith, in a manner the Director reasonably believes to be in the best interests of the Corporation and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances. In performing his or her duties, a Director shall be entitled to rely in good faith on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by (i) one or more officers or employees of the Corporation whom the Director reasonably believes to be reliable and competent in the matters presented; (ii) counsel, public accountants or other persons as to matters which the Director reasonably believes to be within the professional or expert competence of such person; or (iii) a committee of the Board upon which the Director does not serve, duly designated in accordance with law, as to matters within its designated authority, which committee the Director reasonably believes to merit confidence. A Director shall not be considered to be acting in good faith if the Director has knowledge concerning the matter in question that would cause his or her reliance to be unwarranted.

## **ARTICLE VIII INDEMNIFICATION**

## SECTION 8.01 - SCOPE OF INDEMNIFICATION.

- a) General rule. The Corporation shall indemnify an indemnified representative against any liability incurred in connection with any proceeding in which the indemnified representative may be involved as a party or otherwise by reason of the fact that such person is or was serving in an indemnified capacity, including, without limitation, liabilities resulting from any actual or alleged breach or neglect of duty, error, misstatement or misleading statement, negligence, gross negligence or act giving rise to strict or products liability, except:
  - (1) where such indemnification is expressly prohibited by applicable law;
  - (2) where the conduct of the indemnified representative has been finally determined pursuant to Section 8.06 or otherwise
    - (i) to constitute willful misconduct or recklessness within the meaning of applicable law sufficient in the circumstances to bar indemnification against liabilities arising from the conduct; or
    - (ii) to be based upon or attributable to the receipt by the indemnified representative from the Corporation of a personal benefit to which the indemnified representative is not legally entitled; or
  - (3) to the extent such indemnification has been finally determined in a final adjudication pursuant to Section 8.06 to be otherwise unlawful.
- b) Partial payment. If an indemnified representative is entitled to indemnification in respect of a portion, but not all, of any liabilities to which such person may be subject, the Corporation shall indemnify such indemnified representative to the maximum extent for such portion of the liabilities.
- c) Presumption. The termination of a proceeding by judgment, order, settlement or conviction or upon a plea of nolo contendere or its equivalent shall not of itself create a presumption that the indemnified representative is not entitled to indemnification.
- d) Definitions. For purposes of this Article:
  - (1) "indemnified capacity" means any and all past, present and future service by an indemnified representative in one or more capacities as a Director, Officer, employee or agent of the Corporation, or, at the request of the Corporation, as a Director, Officer, employee, agent, fiduciary or trustee of another corporation, partnership, joint venture, trust, employee benefit plan or other entity or enterprise;
  - (2) "indemnified representative" means any and all Directors and Officers of the Corporation and any other person designated as an indemnified representative by the Board of Directors of the Corporation (which may, but need not, include any person serving at the request of the Corporation, as a Director, Officer, employee, agent, fiduciary or trustee of another corporation, partnership, joint venture, trust, employee benefit plan or other entity or enterprise);
  - (3) "liability" means any damage, judgment, amount paid in settlement, fine, penalty, punitive damages, excise tax assessed with respect to an employee benefit plan, or cost or expense, of any nature (including, without limitation, attorneys' fees and disbursements); and

(4) "proceeding" means any threatened, pending or completed action, suit, appeal or other proceeding of any nature, whether civil, criminal, administrative or investigative, whether formal or informal, and whether brought by or in the right of the Corporation, a class of its security holders or otherwise.

**SECTION 8.02 - PROCEEDINGS INITIATED BY INDEMNIFIED REPRESENTATIVES.** Notwithstanding any other provision of this Article, the Corporation shall not indemnify under this Article an indemnified representative for any liability incurred in a proceeding initiated (which shall not be deemed to include counter-claims or affirmative defenses) or participated in as an intervener or amicus curiae by the person seeking indemnification unless such initiation of or participation in the proceeding is authorized, either before or after its commencement, by a consensus of the Board of Directors in office. This section does not apply to a reimbursement of expenses incurred in successfully prosecuting or defending an arbitration under Section 8.06 or otherwise successfully prosecuting or defending the rights of an indemnified representative granted by or pursuant to this Article.

**SECTION 8.03 - ADVANCING EXPENSES.** The Corporation may, by resolution of the Board of Directors, pay the expenses (including attorneys' fees and disbursements) incurred in good faith by an indemnified representative in advance of the final disposition of a proceeding described in Section 8.01 of the initiation of or participation in which is authorized pursuant to Section 8.02 upon receipt of an undertaking by or on behalf of the indemnified representative to repay the amount if it is ultimately determined pursuant to Section 8.06 that such person is not entitled to be indemnified by the Corporation pursuant to this Article provided that expenses will not be advanced if the proceeding involves any claims of gross negligence or willful misconduct by the Corporation against such indemnified representative. The Board of Directors shall be authorized, but shall not be required, to resolve to pay such expenses irrespective of the financial ability of an indemnified representative to repay an advance.

**SECTION 8.04 - SECURING OF INDEMNIFICATION OBLIGATIONS.** To further effect, satisfy or secure the indemnification obligations provided herein or otherwise, the Corporation may maintain insurance, obtain a letter of credit, act as self-insurer, create a reserve, trust, escrow, cash collateral or other fund or account, enter into indemnification agreements, pledge or grant a security interest in any assets or properties of the Corporation, or use any other mechanism or arrangement whatsoever in such amounts, at such costs, and upon such other terms and conditions as the Board of Directors shall deem appropriate. Absent fraud, the determination of the Board of Directors with respect to such amounts, costs, terms and conditions shall be conclusive against all security holders, officers and directors and shall not be subject to voidability.

**SECTION 8.05 - PAYMENT OF INDEMNIFICATION.** An indemnified representative shall be entitled to indemnification within 30 days after a written request for indemnification has been delivered to the Secretary of the Corporation.

**SECTION 8.06 - ARBITRATION.**

a) General rule. Any dispute related to the right to indemnification, contribution or advancement of expenses as provided under this Article, except with respect to indemnification for liabilities arising under the Securities Act of 1933 that the Corporation has undertaken to submit to a court for adjudication, shall be decided only by arbitration in the metropolitan area in which the principal executive offices of the Corporation are located at the time, in accordance with the commercial arbitration rules of the American Arbitration Association ("AAA") then in effect, before a single arbitrator, selected by the Corporation and the indemnified representative, if they can agree; if they cannot agree within thirty (30) days of their receipt of a list of proposed arbitrators from AAA, the

arbitrator shall be selected by the presiding judge of the Court of Common Pleas of Montgomery County.

- b) Burden of proof. The party or parties challenging the right of an indemnified representative to the benefits of this Article shall have the burden of proof.
- c) Expenses. The Corporation shall reimburse an indemnified representative for the expenses (including attorneys' fees and disbursements) incurred unsuccessfully prosecuting or defending such arbitration.
- d) Effect. Any award entered by the arbitrators shall be final, binding and nonappealable and judgment may be entered thereon by any party in accordance with applicable law in any court of competent jurisdiction, except that the Corporation shall be entitled to interpose as a defense in any such judicial enforcement proceeding any prior final judicial determination adverse to the indemnified representative under Section 8.01(a)(2) in a proceeding not directly involving indemnification under this Article. This arbitration provision shall be specifically enforceable.

**SECTION 8.07 - CONTRIBUTION.** If the indemnification provided for in this Article or otherwise is unavailable for any reason in respect of any liability or portion thereof, the Corporation shall contribute to the liabilities to which the indemnified representative may be subject in such proportion as is appropriate to reflect the intent of this Article or otherwise.

**SECTION 8.08 - MANDATORY INDEMNIFICATION OF DIRECTORS, OFFICERS, ETC.** To the extent that an authorized representative of the Corporation has been successful on the merits or otherwise in defense of any action or proceeding referred to in 15 Pa. C. S. §1741 or §1742 or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees and disbursements) actually and reasonably incurred by such person in connection therewith.

**SECTION 8.09 - CONTRACT RIGHTS; AMENDMENT OR REPEAL.** All rights under this Article shall be deemed a contract between the Corporation and the indemnified representative pursuant to which the Corporation and each indemnified representative intend to be legally bound. Any repeal, amendment or modification hereof shall be prospective only and shall not affect any rights or obligations then existing.

**SECTION 8.10 - SCOPE OF ARTICLE.** The rights granted by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification, contribution or advancement of expenses may be entitled under any statute, agreement, vote of Members or disinterested Directors or otherwise both as to action in an indemnified capacity and as to action in any other capacity. The indemnification, contribution and advancement of expenses provided by or granted pursuant to this Article shall continue as to any person who has ceased to be an indemnified representative in respect of matters arising prior to such time, and shall inure to the benefit of the heirs, executors, administrators and personal representatives of such a person.

**SECTION 8.11 - RELIANCE ON PROVISIONS.** Each person who shall act as an indemnified representative of the Corporation shall be deemed to be doing so in reliance upon the rights provided in this Article.

**SECTION 8.12 - INTERPRETATION.** The provisions of this Article are intended to constitute bylaws authorized by 15 Pa. C. S. §513, §1746 and §518.