

AMENDED BY-LAWS
OF
SOUTH CENTRAL KANSAS ECONOMIC DEVELOPMENT DISTRICT, INC.

ARTICLE I

ORGANIZATION

There is hereby organized an Economic Development District which shall be known as SOUTH CENTRAL KANSAS ECONOMIC DEVELOPMENT DISTRICT, INC. (SCKEDD), a voluntary association of Board of County Commissioners of Butler, Chautauqua, Cowley, Elk, Greenwood, Harper, Harvey, Kingman, Marion, McPherson, Reno, Rice, Sedgwick and Sumner Counties, Kansas, by the adoption of these By-Laws to carry out its corporate objects and purposes.

ARTICLE II

DEFINITIONS

As used in these By-Laws:

1. "Board" means the Board of Directors, which is the governing body of the South Central Kansas Economic Development District, Inc.
2. "District" means the area embraced by the fourteen (14) counties of Butler, Chautauqua, Cowley, Elk, Greenwood, Harper, Harvey, Kingman, Marion, McPherson, Reno, Rice, Sedgwick and Sumner Counties.
3. "Governmental unit" means any county, city, town, village, township, authority, district or other political subdivision of the State which has either an independently elected governing body or which has the power to incur financial obligations for public improvements.
4. "Member" means all Governmental units in the District that have become a Member in accordance with Article IV of these By-laws and Article VII of SCKEDD's Articles of Organization.
5. "Director" means the Director representative for each county, by its Board of County Commissioners, appoints to the Board by virtue of the county being a Member of SCKEDD and At-Large representatives appointed by the Board.
6. "Population" means the population according to the last preceding Federal Census encompassing the entire District.
7. "Code of Federal Regulations, Title 13-Business Credit and Assistance (13 CFR)" is a codification of the general and permanent rules published in the Federal Register. The regulations published in Chapter 1 pertains to the Small Business Administration (SBA) and Chapter 3 pertains to Economic

Development Administration (EDA), Department of Commerce.

8. “Certified Development Company” (CDC) is a non-profit corporation certified and regulated by the U.S. Small Business Administration to package, process, close and service Section 504 Loan (i.e. SBA 504 Loans).
9. “Third Party Lender” is usually a financial institution that provides the Third Party Loan for the SBA 504 loan program and typically has a first lien on the project collateral.

ARTICLE III

BOARD

SECTION 1. Membership. The Board of Directors shall be the governing body of the South Central Kansas Economic Development District, Inc. and shall have and exercise all corporate powers and be responsible for all corporate actions, business, general policies, programs and program compliance, the control of all of its funds, and structure and operations, as set forth in these Bylaws of the South Central Kansas Economic Development District, Inc. and which comply with all program requirements and regulations [13 CFR §120.823(a), as amended]. The total number of Directors shall be no less than nine (9) and recommended to not be more than twenty-five (25). Board members shall be appointed by the Board of County Commissioners for each Member. Any Board member so appointed shall serve for so long as desired by the appointing Member but may be removed from office and replaced at any time by the appointing Member upon notice to the Board.

SECTION 2. Board Composition and Qualifications. In order to reflect that elected officials from general governmental units of the District be a simple voting majority of the Board, to assure that no single group shall control [13 CFR §120.823 (c) (4), as amended], and to assure that the principal interests of the District be duly represented on the Board the composition of the Board (*see Exhibit A*) shall be as follows:

- A. A minimum of one (1) Director, being an elected Member or designated representative, from each county appointed by the County, with additional Directors appointed by said County based on population (from latest Census) as follows: one (1) additional Director based on population from 25,000 up to 100,000, two (2) additional Directors based on population from 100,001 to 250,000 and three (3) additional Directors based on population of 250,001 or more. Additionally there will be three (3) Directors appointed by the Board that represent the principal interest of the district (At – Large), including labor, business, education, agriculture health, minorities.
- B. The corporation shall demonstrate that its governing body is broadly representative of the principal economic interests of the district area including the interests of its minority and low-income populations.
[EDA regulation 13 CFR, Chapter III, §304.2, as amended]
- C. Board representation must be made up of those with experience in

internal controls, financial risk management, commercial lending, legal issues relating to commercial lending, and corporate governance. At least one (1) voting Director must represent economic, community or workforce development. At least two (2) Directors, other than the Executive Director, must be commercial bankers with experience satisfactory to SBA must be present and vote on each SBA 504 loan. [13 CFR §120.823(a)(b)(c), as amended] Board representation must be actively involved in encouraging economic development.

- D. No single group shall control and no more than 50% of Board Members can be commercial bankers. A quorum must be present for the duration of Board meeting to transact business. The quorum shall be set by the Board but shall be no less than 50% of the voting members of the Board. No person who is a member of CDC's staff may be a voting member of the Board except for the CDC Executive Director. Directors may be either currently employed or retired. Retirees may represent the field from which they retired. Attendance may be through any format permitted by state law. [13 CFR §120.823(a)(b)(c), as amended]
- E. SCKEDD must be independent and must not be affiliated (as determined in accordance with §121.103, as amended) with any Person (as defined in §120.10) unless affiliation complies with 13 CFR §120.820, as amended.
- F. No more than one (1) Director on the Board of Directors can be employed by or serve on the Board of Directors of any other single entity (including the entity's affiliate), unless that entity is a civic, charitable, or comparable organization that is not involved in financial services or economic development activities. [13 CFR §120.823(c)(5), as amended] No Board member may serve on the Board of another CDC in accordance with 13 CFR §120.851(b), as amended.
- G. Board representation must have no actual or appearance of a conflict of interest, including for example, a Loan Committee member participating in deliberations on a loan for which the Third Party Lender is the member's employer or the member is otherwise associated with the Third Party Lender.

SECTION 3. Each Member of the Board shall be entitled to one (1) vote.

POWERS, DUTIES AND RESPONSIBILITIES

SECTION 1. As a general, but not exclusive, guide, the Board shall have the following functions, duties and responsibilities:

- A. Approve the mission and the policies of the CDC. [13 CFR §120.823(d)(1),

as amended]

- B. To carry on the business of a Certified Development Company (CDC) for the purpose of assisting communities, both urban and rural, to stimulate the growth and development of small businesses through the active professional, financial and management services offered by the corporation, and to further the objective of the corporation in the development and growth of small businesses within the defined Area of Operations of the corporation.
- C. To prepare an annual budget for its action and approval.
- D. To establish the duties of and hire, fire, supervise and annually evaluate a CDC Executive Director. [13 CFR §120.823(d) (2), as amended]
- E. To set the salary for the CDC Executive Director and review all salaries. [13 CFR §120.823(d) (3), as amended]
- F. To ensure that CDC's expenses are reasonable and customary. [13 CFR §120.823(d) (5), as amended]
- G. To contract for services of persons or firms or other units and levels of government to carry out the purposes of the Board.
- H. To acquire, construct, own and dispose of property, equipment, supplies and office space required in the performance of its duties.
- I. To appoint one or more advisory committees to assist in carrying out the purposes, functions, duties and responsibilities of the Board. Methods of appointment, size, composition and purpose shall be at the discretion of the Board. Members of the Board shall be appointed by the Board to committees as soon as reasonably possible after the beginning of the fiscal year. The duties and responsibilities of the committees shall be as designated from time to time by the Board of Directors, provided, all activities of such committees shall be consistent with the requirements of the Economic Development Administration, the Small Business Administration, the U.S. Department of Agriculture, the Kansas Housing Resources Corporation, Kansas Department of Commerce and the State of Kansas.
- J. The Board shall establish an Officer's Committee selected by the Board from the Board of Directors which shall have the authority between meetings to act for the Board in regards to routine matters, however, the Officer's Committee cannot take any action in regards to the SBA 504 program or any other loan program. The delegation of its authority does not relieve the Board of its responsibility imposed by law. The Officer's Committee shall consist of President, Vice

President, and Secretary/Treasurer of SCKEDD to serve at the pleasure and direction of the Board. The duties of the Officers shall be as set forth in these By-laws.

- K. The Board must ratify any SBA 504 loan approval made by the District Loan Committee for loans of \$1,000,000 to \$2,000,000 prior to debenture closing. [13 CFR §120.823 (d)(14), as amended]
- L. The Board only must provide credit approval for SBA 504 loans greater than \$2,000,000. All 504 loan applications must have credit approval prior to submission to SBA. [13 CFR §120.823 (d)(14), as amended]
- M. The Board may establish an Executive Committee, comprised of voting members of the Board, which shall have the authority between meetings to act for the Board for the purpose of approving SBA 504 loans, however, the delegation of its authority does not relieve the Board of its responsibility imposed by law or Loan Program Requirements. If established, Executive Committee must meet the requirements as set forth in 13 CFR §120.823 (d)(4)(i), as amended. The Executive Committee must have a minimum of five voting members who are present to conduct business. Executive Committee members will consist of two members, other than the Executive Director, that have commercial lending experience, and one member that has economic, community, or workforce development experience.
- N. The Board may establish one or more Loan Committees which may exercise the authority of the Board as set forth below, however, the delegation of its authority does not relieve the Board of its responsibility imposed by law or Loan Program Requirements.
 - 1. For purposes of the Certified Development Company (CDC) and for compliance with the U.S. Small Business Administration SBA 504 Loan Program, the District Loan Committee is established. The selection of the District Loan Committee shall be chosen from the Board Members and its activities must comply with the requirements of 13 CFR §120.823(d)(4)(ii).
 - 2. The Executive Director and staff may not serve on the District Loan Committee.
 - 3. The District Loan Committee must have a minimum of five committee members, with at least two members having commercial lending experience satisfactory to SBA.
 - 4. District Loan Committee members must live and work in the area of operations unless the project falls under one of the exceptions listed in CFR 13 120.839.

5. The District Loan Committee must have a quorum of five committee members authorized to vote, with attendance allowed in any method allowed by state law.
 6. Members of the District Loan Committee must have no actual or appearance of a conflict of interest with respect to the action of the Committee, including for example, a Loan Committee member participating in deliberations on a loan for which the Third Party Lender is the member's employer or the member is otherwise associated with the Third Party Lender.
 7. The District Loan Committee must follow the credit approval process detailed in the Standard Operating Procedure (Delivery of Staff Services, CDC-SBA 504 Loan Program).
- O. Each Board member must certify annually, in writing, that they have read and understand 13 CFR §120.823 (i.e. Certification of Members of the Board of Directors). [13 CFR §120.823(d)(15), as amended]
- P. The Board shall maintain Directors' and Officers' Liability and Errors and Omissions' insurance in the amounts established by SBA based on the size of the CDC's portfolio and other relevant factors. [13 CFR §120.823(e), as amended]
- Q. To take such other actions, make recommendations and formulate policy on these matters which will best effectuate and carry out the purposes and functions for which the Board is created, and as outlined in the Articles of Organization and these By-Laws, more explicitly described as follows:
1. Adopt and amend the By-Laws of the Board.
 2. Elect Board Officers.
 3. Prepare periodic reports, as may be required by the By-Laws of the Board and federal and state legislation or regulations.
 4. Receive and expend gifts, contributions and donations which may be made to the Board to accomplish its purposes.
 5. Apply and contract for, receive and expend for Board purposes, funds or grants from the State of Kansas, the federal government or any other public or private source.
 6. Receive and expend funds from Board members, as provided in the By-Laws, to finance the costs of operation, provided that the

Board shall not have the power to levy taxes of any kind.

7. Coordinate the planning and development of the District.
8. Invest in economic development in each of the states in the area of operation where there is a 504 portfolio, with the Directors approving investments through the budget review and a written report will be provided for each state that has an outstanding 504 loan.
9. Adopt and insure that internal control policies, detailed in SCKEDD's Standard Operating Procedures, are followed as required by 13 CFR §120.826.
10. Ensure that the Board is complying with 13 CFR §120.823(d)(6)-(14).
11. No further delegation or re-delegation of a Board's authority is permitted.

BOARD MEETINGS

SECTION 1. The Board shall meet at least quarterly. [13 CFR §120.823(c)]

SECTION 2. Special meetings of the Board may be called by either the President or at the request of a majority of the Board members.

SECTION 3. Written notice of Board meetings and business to be transacted will be mailed or electronically forwarded to each member of the Board at least seven (7) days prior to the meeting unless an emergency is deemed to exist by the President. The President may call an emergency meeting of the Board with less than a seven (7) days prior notice.

SECTION 4. All action requires a quorum of the Board membership to be present or participating in any meeting. A quorum shall be 50% of the duly appointed and acting members of the Board of Directors as of the date of the meeting at which Board action is taken. Actions taken by the Board of Directors in a meeting requires a vote by 51% of the Directors present or participating in the meeting. Voting may take place in any form allowed by K.S.A. 17-6301.

ARTICLE IV

MEMBERSHIP

SECTION 1. All Counties situated within the geographic area of the District are eligible to become Member of SCKEDD. Governmental units eligible for membership that desire to join the Board subsequent to the adoption of these By-Laws may become Members by consent of the Board after passage of an ordinance, resolution, rule, order or other means, adopting these By-Laws and by the payment of fees as set forth in Article VIII of these By-Laws.

SECTION 2. A Member which is more than sixty (60) days in arrears in its fees as set forth in Article VIII of these By-Laws shall be denied voting participation by their designated Directors until such fee is paid.

SECTION 3. A Member, by majority vote of its governing body, may withdraw as a Member at any time. Members that withdraw from the Board membership may subsequently be re-admitted upon compliance with all membership requirements applicable to new members. In the event of withdrawal by a Member from the Board, the Member shall not be entitled to a return of any portion of previously paid annual fees.

ARTICLE V

OFFICERS' DUTIES

SECTION 1. The Board shall elect Officer's consisting of a President, Vice President and Secretary-Treasurer to serve as officers of SCKEDD. The officers shall be selected from among the Directors and their terms shall coincide with the organization's fiscal year.

SECTION 2. The officers shall perform the duties prescribed by the By-Laws and in conformance with program guidelines approved by the Board.

SECTION 3. The President shall preside at meetings of the Board; sign, with the counter-signature of the Secretary-Treasurer, as authorized by the Board, any contracts or other instruments which the Board deems in its best interest; and perform such other duties incident to the office as may be prescribed by the Board.

SECTION 4. The Vice President shall be elected with the understanding that the person so elected to the office of Vice President shall serve as President in the succeeding year. The Vice President shall assist the President in the performance of the duties, and either in the absence of the President or in the event of the President's inability or refusal to act, shall have the powers and shall perform the duties of the President.

SECTION 5. The Secretary-Treasurer will be responsible for the minutes of the meetings and the records of the Board, attest the signatures of the Board officers, and see that notices are duly given in accordance with the provisions of these By-Laws or as required by law. The Secretary-Treasurer shall have custody of all funds and securities of the Board, receive monies due the Board and deposit them in a depository designated by the Board, expend the funds of the Board as authorized by the Board, and in general, perform all duties as may be assigned by the President and/or the Board.

ARTICLE VI

SPECIAL STUDIES AND ACTIVITIES

SECTION 1. The Board will review all requests made from SCKEDD staff for special studies and activities by Members which are not outlined in the approved Program of Work.

SCKEDD may charge a fee for said reports or activities upon approval of the Board.

ARTICLE VII

EXECUTIVE DIRECTOR AND STAFF

SECTION 1. Staff. The corporation shall employ, either directly or be contracting for, a professional staff with the capability to package, process, close and service its loans; administer grants; provide weatherization services; and provide professional account, legal and business servicing abilities. Services of the professional staff may be contracted for provided that the services of such professional are available as needed by the corporation.

SECTION 2. Executive Director. The Executive Director shall be the chief administrative officer of SCKEDD and shall be in charge of business services and economic development for SCKEDD and shall be charged with the administration of SCKEDD, subject to the policies established by the Board of Directors and to the general supervision of the Board of Directors. The Executive Director may, with the advice and consent of the Board, hire staff personnel, prepare a recommended annual budget and Program of Work, review and recommend to the Board of Directors action to be taken on loan applications, administrative contracts, Weatherization grants and direct the work of the staff. The Board of Directors may, by proper resolution, grant either general or specific authority to the Executive Director to execute instruments for and on behalf of SCKEDD. In the event that there is not an Executive Director, the Board of Directors may appoint an Interim Director to carry out the duties of the Executive Director until a permanent Executive Director is hired.

ARTICLE VIII

FINANCES, BUDGET AND PAYMENTS

SECTION 1. The Board shall adopt an annual budget by June 1st of each year. The organization's fiscal year shall coincide with the state fiscal year.

SECTION 2. Each year, upon adoption of the annual budget, the Board shall fix the annual fees for all Members. Fees shall be in sufficient amounts to provide funds as required by the budget.

SECTION 3. New Members may join the Board upon payment of dues prorated for the remainder of the Board fiscal year.

SECTION 4. The accounts of the SCKEDD shall be audited by a certified public accountant or accountants, and the audit report for each preceding fiscal year shall be made to the Board no later than three (3) months after the close of each fiscal year.

SECTION 5. Fees shall be assessed upon the basis of a per capita levy determined and justified by the budget for the upcoming year and as approved by the Board of Directors.

Assessments shall be made based upon the latest U. S. Census figures for the entire District.

SECTION 6. Ex-officio and at-large representatives shall not be required to participate financially in the District.

ARTICLE IX

AMENDMENTS

These By-Laws may be altered, amended or added to by a vote from the Board, provided that:

- A. Notice of the proposed changes shall contain a full statement of the proposed amendment(s) and be presented to the Board at a scheduled meeting.
- B. The proposed amendment(s) is placed on the agenda of the next scheduled meeting following such presentation.
- C. The Board adopts the proposed amendment(s) by a two-thirds (2/3rds) vote of all duly appointed and acting Directors of the Board at the Board meeting called and noticed for such purposes.

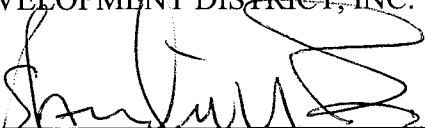
ARTICLE X

DISSOLUTION

In the event that the South Central Kansas Economic Development District, Inc. is dissolved, any funds remaining on hand belonging to the District will be repaid to the various governmental units comprising the South Central Kansas Economic Development District, Inc. in the ratio of their contribution during the year of such dissolution.

THE ABOVE AND FOREGOING AMENDED BY-LAWS ADOPTED IN ACCORDANCE WITH ARTICLE IX this 25th day of February 2016.

SOUTH CENTRAL KANSAS ECONOMIC
DEVELOPMENT DISTRICT, INC.

By: 
Sherdeill Breathett, President

By: 
Linda Snyder, Secretary – Treasurer

EXHIBIT A
 TO
 SOUTH CENTRAL KANSAS ECONOMIC DEVELOPMENT DISTRICT, INC.
 AMENDED BY-LAWS

SCKEDD BOARD MEMBERSHIP COMPOSITION

| <u>Member</u> | <u>2010 Census</u> | <u>% of Dist. Pop.</u> | <u>Basic Vote</u> | <u>Additional Votes</u> | <u>Total Votes</u> | <u>% of Total Votes</u> |
|---------------|------------------------|----------------------------|-----------------------|-----------------------------|------------------------|-----------------------------|
| Butler | 65,880 | 8.20% | 1 | 1 | 2 | 8.00% |
| Chautauqua | 3,669 | 0.46% | 1 | 0 | 1 | 4.00% |
| Cowley | 36,331 | 4.52% | 1 | 1 | 2 | 8.00% |
| Elk | 2,882 | 0.36% | 1 | 0 | 1 | 4.00% |
| Greenwood | 6,689 | 0.83% | 1 | 0 | 1 | 4.00% |
| Harper | 6,034 | 0.75% | 1 | 0 | 1 | 4.00% |
| Harvey | 34,684 | 4.32% | 1 | 1 | 2 | 8.00% |
| Kingman | 7,858 | .98% | 1 | 0 | 1 | 4.00% |
| Marion | 12,660 | 1.58% | 1 | 0 | 1 | 4.00% |
| McPherson | 29,180 | 3.63% | 1 | 1 | 2 | 8.00% |
| Reno | 64,511 | 8.03% | 1 | 1 | 2 | 8.00% |
| Rice | 10,083 | 1.26% | 1 | 0 | 1 | 4.00% |
| Sedgwick | 498,365 | 62.07% | 1 | 3 | 4 | 16.00% |
| Sumner | 24,132 | 3.01% | 1 | 0 | 1 | 4.00% |
| Subtotals | 802,958 | 100.00% | 14 | 8 | 22 | 88.00% |
| At Large | 112,875 | 14.92% | 3 | 0 | 3 | 12.00% |
| Totals | 756,425 | 100.00% | 17 | 8 | 25 | 100.00% |