

BY-LAWS
OF
THE WEST CHESTER BUSINESS IMPROVEMENT DISTRICT AUTHORITY
(A MUNICIPAL AUTHORITY)

ARTICLE I

Definitions and Purpose

Section 1.01. Definitions. The following terms whenever used or referred to in these By-Laws shall have the following meanings, except in those instances where the context clearly indicates otherwise:

- (1) "Act" means the Municipality Authorities Act of 1945, Act of May 2, 1945, P.L. 382, as amended, 53 P.S. §301, et seq.
- (2) "Authority" shall mean the West Chester Business Improvement District Authority.
- (3) "Borough" shall mean the Borough of West Chester, Chester County, Pennsylvania.
- (4) "Borough Council" mean the Council for the Borough of West Chester.
- (5) "Council Member" or "Council Members" shall mean one or more members of the Borough Council.
- (6) "Municipality Authorities Act" shall mean the Municipality Authorities Act of 1945, as amended, 53 P.S. §301 et seq.
- (7) "Board" shall the Board of the West Chester Business Improvement Authority.
- (8) "Business Improvement District" shall mean that area located within the Borough of West Chester that has been defined by Ordinance as the area within which the Authority shall offer development assistance and services.

Section 1.02. Purpose. The Authority shall:

- (a) Provide a self-help mechanism by which relevant interests, including but not limited to property owners, service firms, restaurants, retail establishments, employers, lenders, key non-profit corporations and others located within

the Business Improvement District can cooperate to expand business opportunities, sales, employment and consumer choices and improve property values;

(b) Mobilize public and private resources for this purpose;

(c) Perform activities required to accomplish the goals of the Authority as stated in any business plan which it adopts; and

(d) Perform such other activities and enter into such other transactions as may be permitted by the Act and as are necessary, incidental and convenient to the accomplishment of the aforesaid purposes of the Authority.

ARTICLE II

Offices and Fiscal Year

Section 2.01. Registered Office. The registered office of the Authority in Pennsylvania shall be 401 East Gay Street, West Chester, Pennsylvania, 19380 until otherwise established by an amendment of the Articles of Incorporation or by the Board and a record of such change is filed with the Department of State in the manner provided by law.

Section 2.02. Other Offices. The Authority may also have offices at such other places within the Borough of West Chester as the Board may from time to time appoint or the business of the Authority may require.

Section 2.03. Fiscal Year. The fiscal year of the Authority shall begin on the 1st day of January in each year.

ARTICLE III

Notice - Waivers - Meetings Generally

Section 3.01. Manner of Giving Notice.

Whenever written notice is required to be given to any person under the provisions of the Act or by the Articles of Incorporation or these By-Laws, it may be given to the person either personally or by sending a copy thereof by first class or express mail, postage prepaid, or by telegram (with messenger service specified), facsimile, telex or TWX (with answerback received) or courier service, charges prepaid, or by telecopier,

to the address (or to the telex, TWX, telecopier or telephone number) of the person appearing on the books of the Authority or supplied by the Board Member to the Authority for the purpose of notice. If the notice is sent by mail, telegraph or courier service, it shall be deemed to have been given to the person entitled thereto when deposited in the United States mail or with a telegraph office or courier service for delivery to that person or, in the case of telex or TWX, when dispatched or, in the case of telecopier, when received. A notice of meeting shall specify the place, day and hour of the meeting and any other information required by any other provision of the Act, the Articles of Incorporation or these By-Laws.

Section 3.02. Notice of Meetings of the Board. Public notice of the first regular meeting of each calendar year shall be given not less than three (3) days in advance of the meeting.

In addition, public notice of the schedule of the Authority's remaining regular meetings shall be given. Notice of every special meeting of the Board shall be given to each Board Member by telephone or in writing at least twenty-four (24) hours before the time at which the meeting is to be held. Also public notice of any special meeting shall be given twenty-four (24) hours in advance. Every such notice shall state the time and place of the meeting. Notice of regular meetings of the Board, if given, need not specify the business to be transacted at or the purpose of the meeting. Notice of any special meeting of the Board shall specify the general nature of the business to be transacted at or the matters to be considered at such meeting and, in the case of any proposed resolution or amendment to these By-laws which is to be considered at the meeting, either the text of the proposed resolution or By-law amendment, or a summary thereof, shall be included with such notice.

Section 3.03. Modification of Proposal Contained in Notice. Whenever the language of a proposed resolution is included in a written notice of a meeting required to be given under the provisions of the Act or the Articles of Incorporation or these By-Laws, the meeting considering the resolution may without further notice, adopt it with such clarifying or other amendments as do not enlarge its original purpose.

Section 3.04. Exception to Requirement of Notice.

(a) General Rule. - Whenever any notice or communication is required to be given to any person under the provisions of the Act, the Articles of Incorporation, these By-Laws, or by the terms of any agreement or other instrument or as a condition precedent to taking any action and communication with

that person is then unlawful, the giving of the notice or communication to that person shall not be required.

Section 3.05. Use of Conference Telephone and Similar Equipment. One or more persons may, in the discretion of the Chair, participate in a meeting of the Board by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this section shall constitute presence in person at the meeting.

ARTICLE IV

The Board of the Authority

Section 4.01. Powers; Personal Liability.

(a) General Rule. - Unless otherwise provided by statute, all powers vested by law in the Authority shall be exercised by or under the authority of, and the business and affairs of the Authority shall be managed under the direction of the Board; provided, however, that the Borough Council retains the right to approve any plan adopted by the Authority as provided in the Act.

(b) Standard of Care; Justifiable Reliance. - A Board Member shall stand in a fiduciary relation to the Authority and shall perform his or her duties as a Board Member, including duties as a member of any committee of the Board upon which the Board Member may serve, in good faith, in a manner the Board Member reasonably believes to be in the best interests of the Authority 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 Board Member 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 any of the following:

(1) One or more officers or employees of the Authority whom the Board Member reasonably believes to be reliable and competent in the matters presented.

(2) Counsel, public accountants or other persons as to matters which the Board Member reasonably believes to be within the professional or expert competence of such person.

(3) A committee of the Board upon which the Board Member does not serve, duly designated in accordance with law, as to matters within its designated authority, which committee the Board Member reasonably believes to merit confidence.

A Board Member shall not be considered to be acting in good faith if the Board Member has knowledge concerning the matter in question that would cause his or her reliance to be unwarranted.

(c) Consideration of Factors. - In discharging the duties of their respective positions, the Board, committees of the Board and individual Board Members may, in considering the best interests of the Authority, consider the effects of any action upon employees of the Authority and upon communities in which offices or other establishments of the Authority are located, and all other pertinent factors. The consideration of those factors shall not constitute a violation of subsection (b).

(d) Presumption. - Absent breach of fiduciary duty, lack of good faith or self-dealing, actions taken as a Board Member or any failure to take any action shall be presumed to be in the best interests of the Authority.

(e) Personal Liability of Board Members. -

(1) A Board Member shall not be personally liable, as such, for monetary damages for any action taken, or any failure to take any action, unless:

(i) the Board Member has breached or failed to perform the duties of his or her office under this section; and

(ii) the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness.

(2) The provisions of paragraph (1) shall not apply to the responsibility or liability of a Board Member pursuant to any criminal statute, or the liability of a Board Member for the payment of taxes pursuant to local, state or federal law.

(f) Notation of Dissent. - A Board Member who is present at a meeting of the Board, or of a committee of the Board, at which action on any matter is taken shall be presumed to have assented to the action taken unless his dissent is entered in the minutes of the meeting or unless the Board Member files a written dissent to the action taken with the Secretary of the meeting before the adjournment thereof or transmits the dissent in writing to the Secretary of the Authority immediately after the adjournment of the meeting. The right to dissent shall not apply to a Board Member who voted in favor of the action. Nothing in this section shall bar a Board Member from asserting that minutes of the meeting incorrectly omitted his or her dissent if, promptly upon receipt of a copy of such minutes, the Board Member notifies the Secretary, in writing, of the asserted omission or inaccuracy.

Section 4.02. Qualifications and Selection of Members.

(a) Qualifications. - Each Board Member shall be a natural person of full legal age and of good repute in the community and shall either (i) own (either directly or indirectly through an entity organization controlled by such) commercial and/or industrial property located within the boundaries of the Business Improvement District; (ii) operate as a merchant within the boundaries of the Business Improvement District; or (iii) be a taxpayer in, maintain business in, or is a resident of the Borough.

(b) Appointment of Board Members. - Except as otherwise provided in these By-Laws, Board Members of the Authority shall be appointed by the Borough Council from a list of recommended candidates provided by the current Board Members.

Reasonable efforts shall be made to ensure that the Board Members adequately represent the diverse interests and organizations located in the Borough, including but not limited to: commercial property owners, retail business operators, restaurants, personal service providers, financial service providers, legal offices, Borough government, Chester County government, the West Chester Chamber of Commerce, non-profit organizations, residents and institutions of higher learning.

Section 4.03. Number and Term of Office.

(a) Number. - The Board shall consist of not less than five (5) Board Members.

(b) Term of Office. - Each Board Member shall hold office until the expiration of the term for which he or she was selected and until a successor has been selected and qualified or until his or her earlier death, resignation or removal. No Board Member may serve for more than three consecutive terms. A decrease in the number of Board Members shall not have the effect of shortening the term of any incumbent Board Member. For the initial five Board Members appointed by the Borough Council, they shall serve the following terms: one shall serve for a term of one (1) year; one shall serve for a term of two (2) years; one shall serve for a term of three (3) years; one shall serve for a term of four (4) years; and one shall serve for a term of five (5) years. The Borough Council shall designate the applicable term of each initial Board Member. These terms shall commence on the first Monday in January next succeeding the date of incorporation. Thereafter, whenever a vacancy has occurred by reason of the expiration of the term of any Board Member or otherwise, the Borough Council shall appoint a new Board Member

to succeed the Board Member whose term has expired, for a term of five (5) years from the date of expiration of the prior term.

(c) Resignation. - Any Board Member may resign at any time upon written notice to the Authority and the Borough Council. The resignation shall be effective upon receipt thereof by the Authority or at such subsequent time as shall be specified in the notice of resignation.

Section 4.04. Vacancies. Vacancies in the Board, including vacancies resulting from an increase in the number of Board Members, may be filled by appointment of the Borough Council from a list of recommended candidates provided by the Board, and each person so selected shall be a Board Member to serve for the balance of the unexpired term, and until a successor has been selected and qualified or until his or her earlier death, resignation or removal.

Section 4.05. Removal of Board Members. A Board Member may be removed for cause by the Court of Common Pleas of the county in which the Authority is located. The Board Member subject to an action for removal shall be provided with a copy of the charges against him/her not less than 10 days prior to any court hearing on that matter. Further, the Board Member is entitled to a full hearing and decision by the Court on the charges against him/her. However, should a Board Member miss three consecutive meetings, he/she may be removed by a majority vote of the Board.

Section 4.06. Place of Meetings. Meetings of the Board may be held at such place within or without Pennsylvania as the Board may from time to time appoint or as may be designated in the notice of the meeting.

Section 4.07. Organization of Meetings. At every meeting of the Board, the Chairman of the Board, if there is one, or, in the case of a vacancy in the office or absence of the Chairman of the Board, one of the following officers present in the order stated: the Vice Chairman of the Board, if there is one, or a person chosen by a majority of the Board Members present, shall act as a Chairman of the meeting. The Secretary, or, in the absence of the Secretary and the Assistant Secretaries, any person appointed by the Chairman of the meeting, shall act as Secretary.

Section 4.08. Regular Meetings. Regular meetings of the Board shall be held at such time and place as shall be designated from time to time by resolution of the Board.

Section 4.09. Special Meetings. Special meetings of the Board shall be held whenever called by the Chair or by two or more of the Board Members.

Section 4.10. Quorum of and Action by Board Members.

(a) General Rule. - A majority of the Board Members shall be necessary to constitute a quorum for the transaction of business and the acts of a majority of the Board Members present at a meeting at which a quorum is present shall be the acts of the Board.

(b) Action by Proxy. No Board Member may vote by proxy.

Section 4.11. Executive and Other Committees.

(a) Establishment and Powers. - The Board may, by resolution adopted by a majority of the Board Members in office, establish one or more committees to consist of one or more Board Members. Any committee, to the extent provided in the resolution of the Board shall have and may exercise all of the powers and authority of the Board except that a committee shall not have any power or authority as to the following:

(1) The submission to the Borough Council of any action requiring approval of the Borough Council under the Municipality Authorities Act.

(2) The adoption, amendment or repeal of these By-Laws.

(3) The amendment or repeal of any resolution of the Board that by its terms is amendable or repealable only by the Board.

(4) Action on matters committed by a resolution of the Board to another committee of the Board.

(b) Alternate Committee Members. - The Board may designate one or more Board Members as alternate members of any committee who may replace any absent or disqualified member at any meeting of the committee or for the purposes of any written action by the committee. In the absence or disqualification of a member, an alternate member or members of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not constituting a quorum, may

unanimously appoint another Board Member to act at the meeting in the place of the absent or disqualified member.

(c) Term. - Each committee of the Board shall serve at the pleasure of the Board.

(d) Committee Procedures. - The term "Board", when used in any provision of these By-Laws relating to the organization or procedures of or the manner of taking action by the Board, shall be construed to include and refer to any executive or other committee of the Board.

Section 4.12. Compensation. Board Members shall serve without compensation, but may be reimbursed for reasonable expenses incurred in connection with their duties as Board Members as approved by the Board from time to time.

ARTICLE V

Officers

Section 5.01. Officers Generally.

(a) Number, qualifications and designation. - The officers of the Authority shall be a Secretary, a Treasurer, and such other officers as may be elected in accordance with the provisions of Section 5.03. All officers shall be natural persons of full age. The Board may elect from among the members of the Board a Chair and a Vice Chair, who shall be officers of the Authority. Any number of offices may be held by the same person.

(b) Resignations. - Any officer may resign at any time upon written notice to the Authority. The resignation shall be effective upon receipt thereof by the Authority or at such subsequent time as may be specified in the notice of resignation.

(c) Standard of Care. - Except as otherwise provided in the Articles of Incorporation, an officer shall perform his or her duties as an officer in good faith, in a manner he or she reasonably believes to be in the best interests of the Authority and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances. A person who so performs his or her duties shall not be liable by reason of having been an officer of the Authority. At the end of his/her term in office, an officer shall return all records to the office of the Authority.

Section 5.02. Election and Term of Office. The officers of the Authority, except those elected by delegated authority pursuant to Section 5.03, shall be elected annually by the Board. Each such officer shall hold office for a term of one (1) year and until a successor has been selected and qualified or until his or her earlier death, resignation or removal.

Section 5.03. 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 Authority 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 thereof and to prescribe the authority and duties of such subordinate officers, committees, employees or other agents.

Section 5.04. Removal of Officers and Agents. Any officer or agent of the Authority may be removed by the Board with or without cause. The removal shall be without prejudice to the contract rights, if any, of any person so removed. Election or appointment of an officer or agent shall not of itself create contract rights.

Section 5.05. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or any other cause, shall be filled by the Board or by the officer or committee to which the power to fill such office has been delegated pursuant to Section 5.03, as the case may be, and if the office is one for which these By-Laws prescribe a term, shall be filled for the unexpired portion of the term.

Section 5.06. Authority. All officers of the Authority, as between themselves and the Authority, shall have such authority and perform such duties in the management of the Authority as may be provided by or pursuant to resolutions or orders of the Board or in the absence of controlling provisions in the resolutions or orders of the Board, as may be determined by or pursuant to these By-Laws.

Section 5.07. The Chair and Vice Chair of the Board. The Chair of the Board or, in the absence of the Chair, the Vice Chair of the Board, shall preside at all meetings of the Board

and shall perform such other duties as may from time to time be requested by the Board.

Section 5.08. Manager. The Board may appoint a Manager. The Manager shall have general supervision over the business and operations of the Authority. The Manager may sign, execute, and acknowledge, in the name of the Authority, deeds, mortgages, bonds, contracts or other instruments authorized by the Board, where the signing and execution thereof shall be expressly delegated by the Board, or by these By-Laws; and, in general, the Manager shall perform all duties incident to the office and such other duties as from time to time may be assigned by the Board.

Section 5.09. The Secretary. The Secretary or an Assistant Secretary shall attend all meetings of the Board and shall record all the votes of the Board Members and the minutes of the meetings of the Board and of committees of the Board in a book or books to be kept for that purpose; shall see that notices are given and records and reports properly kept and filed by the Authority as required by law; shall be the custodian of the seal of the Authority and see that it is affixed to all documents to be executed on behalf of the Authority under its seal; and, in general, shall perform all duties incident to the office of Secretary, and such other duties as may from time to time be assigned by the Board.

Section 5.10. The Treasurer. The Treasurer or an Assistant Treasurer shall have or provide for the custody of the funds or other property of the Authority; shall collect and receive or provide for the collection and receipt of moneys earned by or in any manner due to or received by the Authority; shall deposit all funds in his or her custody as Treasurer in such banks or other places of deposit as the Board may from time to time designate; shall, whenever so required by the Board, render an account showing all transactions as Treasurer and the financial condition of the Authority; and, in general, shall discharge such other duties as may from time to time be assigned by the Board.

Section 5.11. Salaries. Officers shall serve without compensation, but may be reimbursed for reasonable expenses incurred in connection with their duties as officers as approved by the Board from time to time.

ARTICLE VI

Indemnification of Board Members, Officers and

Other Authorized Representatives

Section 6.01. Scope of Indemnification.

(a) General Rule. - The Authority 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 6.06 or otherwise:

(i) to constitute willful misconduct or recklessness within the meaning of 42 Pa. CS. § 8365(b) or any superseding provision of 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 Authority of a personal benefit to which the indemnified representative is not legally entitled; or

(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 Authority 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 Board Member, officer, employee or agent of the Authority, or, at the request of the Authority, as a Board Member, officer, employee, agent, fiduciary or trustee of another Authority, partnership, joint venture, trust, employee benefit plan or other entity or enterprise;

(2) "indemnified representative" means any and all Board Members and officers of the Authority and any other person designated as an indemnified representative by the Board of the Authority (which may, but need not, include any person serving at the request of the Authority, as a Board Member, officer, employee, agent, fiduciary or trustee of another Authority, 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 Authority, or otherwise.

Section 6.02. Proceedings Initiated by Indemnified Representatives. Notwithstanding any other provision of this Article, the Authority 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 intervenor 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 the affirmative vote of a majority of the Board Members in office. This section does not apply to reimbursement of expenses incurred in successfully prosecuting or defending the rights of an indemnified representative granted by or pursuant to this Article.

Section 6.03. Advancing Expenses. The Authority shall 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 6.01 or the initial of or participation in which is

authorized pursuant to Section 6.02 upon receipt of an undertaking by or on behalf of the indemnified representative to repay the amount if it is ultimately determined that such person is not entitled to be indemnified by the Authority pursuant to this Article. The financial ability of an indemnified representative to repay an advance shall not be a prerequisite to the making of such advance. Notwithstanding the preceding or any other provision of these By-laws, in no event shall the Authority be required to pay any expenses of an indemnified representative in advance of the final disposition of any proceeding where such proceeding has been initiated by the Authority against the indemnified representative or where such proceeding involves any claim by or in the right of the Authority against the indemnified representative for any improper benefit that the indemnified representative may have derived by reason of his or her employment with or representation of the Authority.

Section 6.04. Securing of Indemnification Obligations.

To further effect, satisfy or secure the indemnification obligations provided herein or otherwise, the Authority 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 Authority, or use any other mechanism or arrangement whatsoever in such amounts, at such costs, and upon such other terms and conditions as the Board shall deem appropriate. Absent fraud, the determination of the Board with respect to such amounts, costs, terms and conditions shall be conclusive against all security holders, officers and Board Members and shall not be subject to voidability.

Section 6.05. 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 Authority.

Section 6.06. 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 Authority 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 6.07. Mandatory Indemnification of Board Members, Officers, etc. To the extent that an authorized representative of the Authority has been successful on the merits

or otherwise 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 6.08. Contract rights; amendment or repeal. All rights under this Article shall be deemed a contract between the Authority and the indemnified representative pursuant to which the Authority 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 6.09. 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 disinterested Board Members 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 a 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 6.10. Reliance on Provisions. Each person who shall act as an indemnified representative of the Authority shall be deemed to be doing so in reliance upon the rights provided by this Article.

ARTICLE VII

Miscellaneous

Section 7.01. Municipal Authority Seal. The Authority shall have a seal in the form of a circle containing the name of the Authority, the year of incorporation and such other details as may be approved by the Board.

Section 7.02. Checks. All checks, notes, bills of exchange or other orders in writing shall be signed by such person or persons as the Board or any person authorized by resolution of the Board may from time to time designate.

Section 7.03. Contracts.

(a) General Rule. - Except as otherwise provided in the Act in the case of transactions that require action by the Borough Council, the Board may authorize any officer or agent to enter into any contract or to execute or deliver any instrument on behalf of the Authority, and such authority may be general or confined to specific instances.

(b) Statutory Form of Execution of Instruments. - Any note, mortgage, evidence of indebtedness, contract or other documents, or any assignment or endorsement thereof, executed or entered into between the Authority and any other person, when signed by one or more officers or agents having actual or apparent authority to sign it, or by the Manager and Secretary or Assistant Secretary or Treasurer or Assistant Treasurer of the Authority, shall be held to have been properly executed for and on behalf of the Authority, without prejudice to the rights of the Authority against any person who shall have executed the instrument in excess of his or her actual authority.

Section 7.04. Interested Board Members or Officers; Quorum.

(a) General Rule. - A contract or transaction between the Authority and one or more of its Board Members or officers or between the Authority and another entity, including but not limited to an Authority, partnership, joint venture, trust or other enterprise in which one or more of its Board Members or officers are directors or officers or have a financial or other interest, shall not be void or voidable solely for that reason, or solely because the Board Member or officer is present at or participates in the meeting of the Board that authorizes the contract or transaction, or solely because his, her or their votes are counted for that purpose, if:

(1) the material facts as to the relationship or interest and as to the contract or transaction are disclosed or are known to the Board and the Board authorizes the contract or transaction by the affirmative votes of a majority of the disinterested Board Members even though the disinterested Board Members are less than a quorum; and

(2) the contract or transaction is fair as to the Authority as of the time it is authorized, approved or ratified by the Board.

(b) Quorum. - Common or interested Board Members may be counted in determining the presence of a quorum at a meeting of the Board which authorizes a contract or transaction specified in subsection (a).

Section 7.05. Deposits. All funds of the Authority shall be deposited from time to time to the credit of the Authority in such banks, trust companies or other depositories as the Board may approve or designate, and all such funds shall be withdrawn only upon checks signed by such one or more officers or employees as the Board shall from time to time determine.

Section 7.06. The Authority's Records.

(a) Required Records. - The Authority shall keep complete and accurate books and records of accounts as well as the any minutes of the proceedings of the incorporators and the Board Members. Any books, minutes or other records may be in written form or any other form capable of being converted into written form within a reasonable time.

(b) Right of Inspection. - The Borough Council shall, upon written verified demand stating the purpose thereof, have a right to examine, in person or by agent or attorney, during the usual hours for business for any purpose, the books and records of account, and records of the proceedings of the incorporators and Board Members and to make copies or extract therefrom. In every instance where an attorney or other agent is the person who seeks the right of inspection, the demand shall be accompanied by a verified power of attorney or other writing that authorizes the attorney or other agent to so act on behalf of the Borough Council. The demand shall be directed to the Authority at its registered office in Pennsylvania or at its principal place of business wherever situated.

Section 7.07. Financial Reports. Unless otherwise agreed between the Authority and the Borough Council, the Authority shall furnish to the Borough Council annual financial statements, including at least a balance sheet as of the end of each fiscal year and a statement of income and expenses for the fiscal year. The financial statement shall be prepared on the basis of generally accepted accounting principles, if the Authority prepares financial statements for the fiscal year on that basis for any purpose, and may be consolidated statements of the Authority and one or more of its subsidiaries. The financial statement shall be delivered by the Authority to the Borough Council within one hundred eighty (180) days after the close of each fiscal year. Statements that are audited or reviewed by a public accountant shall be accompanied by the report of the accountant; in other cases, each copy shall be accompanied by a statement of the person in charge of the financial records of the Authority;

(1) Stating his reasonable belief as to whether or not the financial statements were prepared in accordance with generally accepted accounting principles and, if not, describing the basis of presentation.

(2) Describing any material respects in which the financial statements were not prepared on a basis consistent with those prepared for the previous year.

Section 7.08. Amendment of By-Laws. These By-Laws may be amended or repealed, or new By-Laws may be adopted by vote of a majority of the Board in office at any regular or special meeting of Board Members. Any change in these By-Laws shall take effect when adopted unless otherwise provided in the resolution effecting the change.

Section 7.09. Dissolution. In the event of the dissolution of the Authority, after all of its creditors have been satisfied or adequate provision has been made therefor, its remaining assets shall be transferred and distributed to the Borough.