

**OPERATING AGREEMENT
OF
EAST BATON ROUGE COMMUNITY DEVELOPMENT ENTITY LLC**

The East Baton Rouge Community Development Entity LLC (“CDE”), by East Baton Rouge Redevelopment Authority and the City of Baton Rouge/Parish of East Baton Rouge, comprising all of the members of the CDE (collectively, “Members”) does hereby set forth and adopt its operating agreement (“Operating Agreement”) in whole as follows:

**ARTICLE I
GENERAL**

Section 1. Name. The name of the CDE shall be the "East Baton Rouge Community Development Entity LLC".

Section 2. Authority. The CDE is a limited liability company organized pursuant to the Louisiana Limited Liability Company Law, Louisiana Revised Statute 12:1301 *et seq.* (“Act”).

Section 3. Domicile. The domicile of the CDE shall be in the Parish of East Baton Rouge, State of Louisiana.

Section 4. Principal Office. The principal and registered office of the CDE shall be located at 801 North Boulevard, Suite 200, Baton Rouge, Louisiana 70802. The CDE may change the principal and/or registered office or have such additional offices as the Board may, from time to time, determine to be in the best interest of the CDE.

Section 5. Ownership Interests. Ownership interests in the CDE shall be divided into and consist of shares (“Membership Units”) held by the Members (as defined below) of the CDE. There shall be one hundred (100) initial Membership Units issued and outstanding as follows: East Baton Rouge Redevelopment Authority (“Authority”), 49% of the Membership Units; City of Baton Rouge/Parish of East Baton Rouge (“City/Parish”) 51% of the Membership Units. Each Membership Unit held by a Member shall be in all respects equal to every other Membership Unit and shall be entitled to one vote on all matters for which Members are entitled to vote. The rights represented by Membership Units held by a Member shall include (a) the right to receive distributions, including liquidating distributions, from the CDE and (b) all other rights, benefits and privileges enjoyed by the Members (under the Act, the Articles of Organization of the CDE, as may be amended from time to time, (“Articles”) or this Operating Agreement) in their capacity as Members, including rights to vote, consent and approve. Membership Units shall be issued, and the holders thereof admitted as Members, for such consideration as determined by the Members. Membership Units shall not be represented by certificates.

**ARTICLE II
PURPOSES AND FUNCTIONS**

Section 1. Purpose. Subject to the limiting purposes below, the CDE is organized and to be operated exclusively to carry out the purposes of its Members, each a political subdivision and government unit of the State of Louisiana. Notwithstanding any other provision of the Articles or this Operating Agreement, the CDE is organized and shall be operated exclusively for nonprofit purposes, including but

without limitation thereon, and provided at least 60% of its activities (e.g., loans and investments) are and will be targeted to low-income communities and low-income persons (as defined below):

a. to serve East Baton Rouge Parish with the deployment of New Markets Tax Credits (“**NMTC**”) under Section 45D of the Internal Revenue Code of 1986 (“**Code**”) as currently in effect and as hereafter may be amended, (NMTC and the program administered by the Internal Revenue Service (“**IRS**”) and the Community Development Financial Institutions Fund (“**CDFI Fund**”) shall be referred to as the “**NMTC Program**”), focusing on real estate development projects that provide community services, provide additional goods and services, and/or support development of affordable housing and the elimination of blight;

b. to promote the public health, safety, morals and welfare of East Baton Rouge Parish through its primary mission of serving, or providing investment capital for, “low-income communities” and “low-income persons” (as such terms are used by the CDFI Fund in conjunction with the NMTC Program, Section 45D of the Code and related Treasury Regulations);

c. to engage in any lawful activity for which limited liability companies may be formed under Louisiana Revised Statutes 12:1301 *et seq.* that is consistent with the Company’s nonprofit mission;

d. to relieve the burdens of government; and

e. to engage in any other activity that is incidental to, connected with or in advancement of the foregoing nonprofit mission; provided, the powers of the Company shall never be inconsistent with the purposes of the Company stated above or the Constitution of the United States or the State of Louisiana.

Section 2. **Limitation of Authority.** The CDE and its activities shall be nonpartisan, nonsectional and nonsectarian. It shall observe all local, state and federal laws which apply to a nonprofit organization. No part of the funds, earnings, and properties of the CDE shall inure to the benefit of any Member (other than an organization formed under Section 501(c)(3) of the Code, (a “**Tax-Exempt Organization**”) or governmental unit or wholly owned instrumentality of a state or political subdivision thereof (collectively, “**Qualified Organizations**”)) or individual.

ARTICLE III **MANAGEMENT OF CDE**

Section 1. **General.** As provided in the Articles and this Operating Agreement, all management powers over the business and affairs of the CDE shall be exclusively vested in a Board of Directors of the Company (“**Board**”) (each member of the Board shall be referred to as a “**Director**”), and, subject to the direction of the Board, the officers elected by the Board in accordance with the terms of this Operating Agreement (the “**Elected Officers**”), who shall (Directors and Elected Officers as delegated by the Board) constitute “managers” of the CDE within the meaning of Section 1301 of the Act.

Section 2. **Function.** The complete authority, direction and management of the affairs of the CDE and the control and disposition of its properties and funds shall be vested in the Board to the fullest extent allowed by law, including, without limitation, the power and authority to:

- a. Conduct, direct, organize and control policies and business of the CDE in pursuance of the goals, objectives and purposes for which it was organized;
- b. Consider and adopt the annual budget of income and expenditures ("**Operating Budget**") upon which the next fiscal year's operations shall be based;
- c. Fix and implement the policies of the CDE governing sources from which funds are to be solicited, methods of soliciting funds, goals to be set up and amounts to be sought;
- d. Elect Elected Officers; and,
- e. Delegate any portion of its power to any committee of the Board or any Elected Officer as it considers appropriate.

Section 3. Number and Composition. The Board shall consist of the five (5) individuals currently serving as Commissioners of the Authority, as such Commissioners are appointed pursuant to the enabling statute of the Authority set forth in Louisiana Revised Statute 33:4720.151, as may be amended from time to time.

Section 4. Compensation of Directors. Directors shall serve without compensation, but the CDE may reimburse such Directors for necessary expenses incurred in the discharge of their duties if such reimbursement does not violate any other provision of law to the contrary.

ARTICLE IV
MEETINGS OF THE CDE

Section 1. Regular Meetings. The Board shall meet not less than three (3) times during a calendar year on dates to be fixed by the Chairperson (as hereinafter defined).

Section 2. Special Meetings. Special meetings of the Board may be called by the Chairperson at the Chairperson's discretion, and must be called by the Chairperson upon the written request of three (3) or more Directors. Such special meetings shall be held at such place, within or without the State of Louisiana, as may be designated by the Chairperson except for those meetings called upon the written request of three (3) or more Directors, in which case the meeting shall be held at the domicile of the CDE. Written notices specifying the time and place of special meetings shall be mailed by the Secretary (as hereinafter defined) to all Directors so as to be postmarked at least five (5) days before the date of the said meeting. The Board shall not act upon any matters not embraced in the call for a special meeting.

Section 3. Place. All meetings (other than special meetings) of the Board shall be held at such place as from time to time may be determined by the Chairperson in the State of Louisiana and specified in the notice of such meeting.

Section 4. Quorum.

- a. A majority of the Directors, excluding unfilled vacancies, shall be necessary to constitute a quorum for the transaction of business, and the acts of a majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board.

b. If a quorum is present, the Directors present can continue to do business until adjournment notwithstanding the subsequent withdrawal of enough Directors to leave less than a quorum or the refusal of any Director present to vote.

Section 5. Open Meeting.

a. Open Meeting Law.

(1) Meetings of the Board, its Advisory Board (as hereinafter defined) and/or the Board's committees (individually and collectively "**CDE Meeting(s)**") shall be held in compliance with Louisiana R.S. 42.1 et seq. ("**Open Meeting Law**").

(2) Notwithstanding the provisions of Louisiana R.S. 42:5, until thirty (30) days prior to the date the Board is scheduled to consummate a final sale or lease of any immovable property owned by the CDE (individually and collectively "**Real Estate Transaction(s)**"), the Board may meet in Executive Session (as hereinafter defined) to discuss negotiations between the CDE and any prospective buyer, lessor or lessee of that property related to the Real Estate Transactions. Louisiana R.S. 44.31 through 35 shall not apply to any records related to the negotiations of or to the terms of Real Estate Transactions until thirty (30) days prior to the date the Board is scheduled to consummate a final sale or lease related to the Real Estate Transactions. The Board shall give written public notice of its intention to consummate a final sale or lease at least thirty (30) days prior to the date on which the Board intends to take such action. This notice shall comply with the procedural provisions of Louisiana R.S. 42:7.

b. **Meetings Open to Public.** Every CDE Meeting shall be open to the public unless closed pursuant to a properly noticed and conducted Executive Session.

c. **Public Comment.** Each CDE Meeting, other than an Executive Session, shall provide an opportunity for public comment at such meeting, subject to reasonable rules, regulations, and restrictions as adopted by the Board.

d. Executive Sessions.

(1) The CDE Meetings may be held in executive session ("**Executive Session**") upon an affirmative vote, taken at an open meeting for which proper notice has been given, of two-thirds (2/3) of its Directors present.

(2) An Executive Session shall be limited to matters allowed to be exempted from discussion pursuant to the Open Meeting Law as provided below; however, no final or binding action shall be taken during an Executive Session.

(3) The vote of each Director on the question of holding such an Executive Session and the reason for holding an Executive Session shall be recorded and entered into the minutes of the CDE Meeting.

(4) A CDE Meeting may be held in Executive Session for one or more of the following reasons:

(a) Discussion of the character, professional competence, or physical or mental health of a person, provided that such person is notified in writing at least twenty-four (24) hours before the meeting and that such person may require that such discussion be held at an open meeting, and provided that nothing in this Subsection shall permit an Executive Session for

discussion of the appointment of a person to a public body. In cases of extraordinary emergency, written notice to such person shall not be required; however, the public body shall give such notice as it deems appropriate and circumstances permit.

(b) Strategy sessions or negotiations with respect to collective bargaining, prospective litigation after formal written demand, or litigation when an open meeting would have a detrimental effect on the bargaining or litigating position of the CDE;

(c) Discussion regarding the report, development, or course of action regarding security personnel, plans, or devices;

(d) Investigative proceedings regarding allegations of misconduct;

(e) Cases of extraordinary emergency, which shall be limited to natural disaster, threat of epidemic, civil disturbances, suppression of insurrections, the repelling of invasions, or other matters of similar magnitude;

(f) Matters related to Real Estate Transactions as described in Section 5.a.(2) above; and

(g) Any other matters now provided for or as may be provided for by the State Legislature.

e. **Notice of CDE Meetings**

(1) **Regular Meetings Schedule.** The CDE shall give written public notice of its CDE Meetings, if established by law, resolution, or ordinance, at the beginning of each calendar year. Such notice shall include the dates, times, and places of such meetings.

(2) **Individual Meetings.**

(a) The CDE shall give written public notice of any regular, special, or rescheduled CDE Meeting no later than twenty-four (24) hours before the meeting.

(b) Such notice shall include the agenda, date, time, and place of the meeting, provided that upon approval of two-thirds (2/3) of the Directors present at a CDE Meeting, the Board may take up a matter not on the agenda of the CDE Meeting.

(c) Following the above information, there shall also be attached to the written public notice of the CDE Meeting, whether or not such matters will be discussed in an Executive Session:

(i) A statement identifying the court, case number, and the parties relative to any pending litigation to be considered at the meeting;

(ii) A statement identifying the parties involved and reasonably identifying the subject matter of any prospective litigation for which formal written demand has been made that is to be considered during an Executive Session; and

- (iii) In cases of extraordinary emergency, such notice shall not be required; however, the Board shall give such notice of the meeting as it deems appropriate and circumstances permit.

(3) **Content of Notice.** Written public notice of a CDE Meeting shall include, but need not be limited to:

(a) Posting a copy of the notice at the principal office of the CDE, or if no such office exists, at the building in which the meeting is to be held; or by publication of the notice in the Advocate or the local daily newspaper of Baton Rouge no less than twenty-four (24) hours before the meeting.

(b) Mailing a copy of the notice to any member of the news media who requests notice of such meetings; any such member of the news media shall be given notice of all meetings in the same manner as is given to members of CDE Board, Advisory Board and/or committees.

Section 6. Voting

a. **One Vote.** Each Director or member of a CDE Committee (“**Representative Members**”) attending his or her respective CDE Meeting shall have one vote on any measure as to which such member shall have the right to vote.

b. **Majority Vote Present at CDE Meetings.** All matters to be determined by the Representative Members, except those regulated by statute or specifically provided herein, shall be determined by a majority vote of the Representative Members present at their respective CDE Meeting at which quorum is present.

c. **Majority Vote Board.** Notwithstanding the foregoing subsection b., the following actions require the vote of majority of the total Directors:

(1) Adoption and/or amendments of rules and regulations for conduct of the CDE's business;

(2) Hiring or firing of any employee or contractor of the CDE. This function may, by majority vote, be delegated by the Board to a specified Elected Officer or committee of the CDE, under such terms and conditions, and to the extent, that the Board may specify;

(3) Entering into a management agreement (“**Management Agreement**”) for a manager of the day-to-day affairs of the CDE (“**Manager**”), unless the Manager shall be the Authority, and in such event, the Management Agreement shall be approved by the East Baton Rouge Metropolitan Council (“**Metro Council**”).

(4) The incurrence of indebtedness for borrowed money;

(5) Levy of taxes and call for any tax or other election;

(6) Adoption or amendment of the Operating Budget; or

(7) Sale, lease, encumbrance, or alienation of real property, improvements, or personal property with a value of more than Fifty Thousand Dollars (\$50,000).

d. **Viva Voce.** The voting at all CDE Meetings may be viva voce but any Representative Member may demand a written ballot, whereupon such vote shall be taken by ballot, each of which shall state the name of the Representative Member.

Section 7. **Voting by Proxy.** Proxies are not allowed.

Section 8. **Minutes of Board Meetings.**

a. The Chairperson shall cause minutes and a record to be kept of all CDE Meetings.

b. The minutes shall include, but need not be limited to:

(1) The date, time, and place of the meeting;

(2) The members recorded as either present or absent;

(3) The substance of all matters decided, and, at the request of any member, a record, by individual member, of any votes taken; and

(4) Any other information that the Board requests be included or reflected in the minutes.

c. The minutes shall be public records and shall be available within a reasonable time after each CDE Meeting, except where such disclosures would be inconsistent with the exceptions allowed for Executive Sessions.

Section 9. **Public Records.** Except as described in Section 5 a. (2) above, the CDE shall be subject to state laws governing public records, including the provisions of Louisiana R.S. 44:1.

ARTICLE V **MANAGER**

Section 1. **Manager.** The Board may contract with a Manager to manage the day to day operations of the CDE.

Section 2. **Conflict of Interest.** In the event that the Authority is considered to serve as the Manager, the Management Agreement shall be approved by the Metro Council on behalf of the CDE and by a majority of the Board of Commissioners of the Authority.

Section 3. **Term of Management Agreement.** The CDE shall be authorized to enter into a Management Agreement with the Manager for a term deemed appropriate by the Metro Council and the Board of Commissioners of the Authority.

Section 4. **Reporting.** The Manager shall report to the Chairperson and shall select one representative to serve as an ex-officio, non voting member of all committees.

ARTICLE VI
ELECTED OFFICERS

Section 1. **Elected Officers.** Unless and until otherwise provided by resolution of the Board or by amendment to this Operating Agreement, the Elected Officers ("**Elected Officers**") shall be:

- a. Chairperson;
- b. Vice-Chairperson;
- c. Secretary; and
- d. Treasurer.

The offices of Secretary and Treasurer may be combined if the Board so elects.

All Elected Officers shall be elected by the Board from among the Directors at the time of their election.

Section 2. **Election of Officers.** The Elected Officers shall be elected by a majority vote of the Directors at a meeting of the Board.

Section 3. **Vacancies.** Whenever any vacancies shall occur in any of the offices, such office shall be filled by the Board, and any appointed Elected Officer so designated shall hold office for the remainder of the unexpired term of office.

Section 4. **Term.** The term of office of each of the Elected Officers shall be for a period of one (1) year commencing on January 1st and until their successors have been duly elected and qualified, unless removed by the Board prior thereto.

Section 5. **Removal.** Any Elected Officer may be removed by the Board at any time, with or without cause.

Section 6. **Seating of Officers.** New Elected Officers shall take office at the close of the meeting at which they are elected.

Section 7. **Chairperson.** The Chairperson shall:

- a. be the senior Elected Officer of the CDE and preside at all meetings of the Board and perform all other duties incidental thereto;
- b. have such powers as are necessary to carry out the duties and responsibilities usually incident to the office and shall have such other duties and powers as may be assigned to the Chairperson;
- c. serve as the chief spokesman of the CDE; and
- d. appoint all committees and committee chairpersons and shall be an ex-officio member of all committees, with voice and vote.

Section 8. Vice-Chairperson. In the event of the absence, disability, or termination of service for any reason of the Chairperson, the Vice-Chairperson shall act in the Chairperson's stead with the same authority, duties, and responsibilities as the Chairperson and/or may be assigned by the Board.

Section 9. Secretary. The Secretary shall attend all meetings of the Board and shall have custody of the minutes and records. The Secretary shall cause the minutes of all Directors' meetings to be recorded in a book to be kept for that purpose. He shall give, or cause to be given, all notices provided in this Operating Agreement and shall perform such other and further duties as may be provided by the Board. When necessary, he shall sign, with the Chairperson, contracts or other documents on behalf of the CDE.

Section 10. Treasurer. The Treasurer shall oversee the business and financial affairs of the CDE, and shall be responsible to the Board. The Treasurer must provide reports as the Board may require. The Treasurer shall prepare an Operating Budget for presentation to the Board at least thirty (30) days prior to the beginning of each fiscal year.

Section 11. No Compensation. The Elected Officers shall serve without compensation, but the CDE may reimburse such Elected Officers for necessary expenses incurred in the discharge of their duties if such reimbursement does not violate any law.

Section 12. Delegation of Duties and CDE. In the case of the absence of any Elected Officer, or for any other reason that the Board may deem sufficient as to any Elected Officer, the Board may delegate, for the time being, the powers or duties, or any of them, of such Elected Officer to any other Elected Officers, or to any Director.

ARTICLE VII **ADVISORY BOARD**

Section 1. Advisory Board. The CDE and the Board, shall be advised by an advisory board ("**Advisory Board**"). The Advisory Board shall (i) meet with the Board or the Elected Officers and advise them regarding the best means by which to achieve (a) the CDE's primary purpose or mission, (b) accountability to residents of Low-Income Communities, and (c) the public policy objectives and the technical requirements of the NMTC Program; and (ii) advise the Board or the Elected Officers regarding market opportunities through the creation of one or more market niches or investment products to better serve the CDE's purpose.

Section 2. Term. The Advisory Board may be continuing or temporary.

Section 3. Qualification and Composition.

a. The Board shall determine the representation, membership, terms and organization of the Advisory Board and shall appoint its members. There shall be no limit on the number of members of the Advisory Board, however, at all times the Advisory Board shall consist of no fewer than three members.

b. At all times, at least 20% of the members of the Advisory Board shall be residents of East Baton Rouge Parish or otherwise represent the interests of residents of East Baton Rouge Parish. Examples of individuals that represent the interests of East Baton Rouge Parish include, but are not limited to:

(1) a small business owner whose business is located in a Low-Income Community in East Baton Rouge Parish and whose business (A) provides goods and services to community residents within such Low-Income Community, or (B) principally employs residents of a Low-Income Community within East Baton Rouge Parish. For the purposes of this example, an owner shall include any individuals with at least 50% ownership stake in the business, or any individual that has an ownership stake and controls, operates or manages the business;

(2) an employee or board member of a community-based charitable organization if (A) the mission of such organization is to primarily serve Low-Income Communities within East Baton Rouge Parish; or (B) the activities of such organization primarily serve or are targeted toward Low-Income Communities within East Baton Rouge Parish;

(3) a religious leader whose congregation principally resides in a Low-Income Community in East Baton Rouge Parish;

(4) an employee of a governmental agency or department that principally serves Low-Income Communities within East Baton Rouge Parish;

(5) an employee of a governmental agency or department that principally serves Low-Income Communities or if such employee's daily job responsibilities consist principally of serving Low-Income Communities within East Baton Rouge Parish; and

(6) an elected official if (A) 50% or more of the census tracts comprising the voting jurisdiction of such official are Low-Income Communities within East Baton Rouge Parish; or (B) 50% or more of the population of the voting jurisdiction of such elected official reside in Low-Income Communities within East Baton Rouge Parish.

Section 4. **Ex Officio Member.** The Chairperson shall be an ex-officio member of the Advisory Board.

Section 5. **Chairperson of Advisory Board.** The Chairperson shall serve as chairperson of the Advisory Board.

Section 6. **Authorization.** The Advisory Board shall serve solely in an advisory capacity and shall have no authority to take any binding action by or on behalf of the CDE.

Section 7. **Public Issues.** No member of the Advisory Board shall take or make public any formal action, or make public any resolution, or in any way commit the CDE on a question of policy.

Section 8. **No Compensation.** Members of the Advisory Board shall serve without compensation, but the CDE may reimburse such Advisory Board member for necessary expenses incurred in the discharge of the member's duties if such reimbursement does not violate any law.

Section 9. **Notice of Advisory Board Meetings.** The Secretary shall be responsible for providing required notice of Advisory Board meetings.

Section 10. **Meetings.** Advisory Board meetings shall adhere to the requirements of Article IV Section 5 of this Operating Agreement, provided, however that:

a. The Advisory Board shall meet at least once a year, or as otherwise required for the CDE to comply with the NMTC Program.

b. The Board may revise these procedures from time to time without consent of the Members, provided such revisions comply with the requirements of the NMTC Program and the Allocation Agreement executed by and between the CDE, the CDFI Fund and certain Subsidiary Allocatees (as such term is defined therein) and effective December 8, 2009 (“**Allocation Agreement**”).

Section 11. **Quorum.** A majority of the Advisory Board members present in person at any meeting constitutes a quorum.

Section 12. **Minutes.** Minutes of Advisory Board meetings shall be kept by the CDE and taken as provided in Article IV Section 8 of this Operating Agreement.

Section 13. **Community Solicitation.** On at least an annual basis, the Advisory Board and the Board shall take appropriate steps to solicit and receive feedback from residents of Low-Income Communities served by the CDE, from organizations operating in Low-Income Communities and from other decision makers serving Low-Income Communities.

ARTICLE VIII **COMMITTEES**

Section 1. **Function and Objectives.** The Board shall establish the function and objectives of all committees. It shall be the function of each committee, within the limits of policy set by the Board, to make investigations, to conduct studies and hearings, to make recommendations to the Board concerning its assignments, and to carry on such activities as may be delegated to it by the Board.

Section 2. **Public Issues.** No individual or committee shall take or make public any formal action, or make public any resolution, or in any way commit the CDE on a question of policy without first receiving the approval of the Board.

Section 3. **Committee Members.** Members of all standing committees, if any are established by the Board, shall be appointed by the Chairperson at the first meeting of the Board held on or after January 1 of each year. Members of all standing committees shall serve for a term of one (1) year and until their successors have been appointed. Vacancies occurring among the appointive members of any standing committee, however arising, shall be replaced by the appointment by the Chairperson for the remainder of the unexpired term.

Section 4. **Chairperson of Committee.** All committees shall be chaired by a Director appointed by the Chairperson. Each committee may have a vice chairperson and a secretary. It shall be the duty of the chairperson of each committee to call and to preside over the necessary meetings. The Chairperson shall serve as an ex-officio voting member of all committees.

Section 5. **Notice of Committee Meetings.**

a. Written notice of the time and place for the meeting, accompanied by the agenda of items to be considered, shall be sent to each member of the committee at least five (5) days prior to the meeting, except in the case of emergency meetings which may be called by the committee’s chairperson at the chairperson’s discretion subject to the Open Meetings Law.

b. Committee meetings shall adhere to the requirements of Article IV Section 5 of this Operating Agreement.

Section 6. **Quorum.** A majority of the Directors serving on any committee of the Board shall constitute a quorum for the transaction of business. When it is known that a quorum will not be present at a given meeting, the chairperson of the committee shall designate an Elected Officer to serve at such meeting as a substitute member of the committee in order to satisfy quorum requirements.

Section 7. **Voting.** Voting of a committee shall be subject to the provisions of Article IV Section 6 of this Operating Agreement.

Section 8. **Authority.** The authority of the committees of the Board shall be subject to this Operating Agreement and to the policies and direction of the Board.

Section 9. **Ratification.** Any and all acts of any and all committees must be ratified by the Board, except as otherwise provided in this Operating Agreement or as provided in the policies and direction of the Board.

Section 10. **Organization.** Whenever a report embodies recommendations for Board action, the chairperson of the committee shall cause to be prepared appropriate resolutions to accompany such report.

Section 11. **Minutes.** Minutes of committee meetings shall be taken as provided in Article IV Section 8 of this Operating Agreement.

Section 12. **Additional Committees.** As the necessity arises, the Board may, by resolution, create special committees with such functions, powers and CDE as it may determine. Special committees shall be established for temporary periods.

ARTICLE IX **FISCAL AFFAIRS**

Section 1. **Fiscal Affairs.** An approved system of records adhering to Generally Accepted Accounting Principles shall be maintained by the CDE. The fiscal year of the CDE shall be January 1 through December 31.

Section 2. **Authorization.** Upon the approval of the Operating Budget, the Chairperson, Vice-Chairperson and/or the Treasurer shall be authorized to make disbursements for expenses provided for in the Operating Budget. All other disbursements require Board approval.

Section 3. **Signature.** All disbursements shall be made by check, signed by any person or persons designated and authorized by resolution of the Board, signed by the Secretary.

Section 4. **Management Of Funds.** All money received by the CDE shall be placed in a general operating fund in accordance with law; provided however, that the Board may, from time to time, establish separate funds and accounts for the deposit of funds, and that the Board may hire a fiscal agent bank or bank for the purpose of depositing and investing funds of the CDE.

ARTICLE X
CONFLICT OF INTEREST POLICY

Section 1. **Purpose.** The purpose of the conflict of interest policy set forth in this Article XI is to protect the CDE's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interests of an Elected Officer or Director or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal law governing conflict of interest applicable to nonprofit organizations.

Section 2. **Definitions.** The terms "interested person" and "financial interest" have the meanings set forth below.

a. **Interested Person.** Any Director, Elected Officer, or member of a committee, who has a direct or indirect financial interest, as defined below, is an interested person.

b. **Financial Interest.** A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

(1) An ownership or investment interest in any entity with which CDE has a transaction or arrangement;

(2) A compensation arrangement with the CDE or with any entity or individual with which the CDE has a transaction or arrangement; or

(3) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the CDE is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Section 4.b. hereof, an interested person has a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

Section 3. **Financial Interests of Directors or Employees.** No Director, Elected Officer or employee of the CDE shall acquire any interest, direct or indirect, in:

a. any project of the CDE or in any property included or planned to be included in any development area; or

b. any contract or proposed contract with the CDE, other than as employee.

Section 4. **Procedures.**

a. **Duty to Disclose.** In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the Board and members of committees considering the proposed transaction or arrangement.

b. **Determining Whether a Conflict of Interest Exists.** After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the CDE Meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Directors shall decide if a conflict of interest exists.

c. **Procedures for Addressing the Conflict of Interest**

(1) An interested person may make a presentation at the CDE Meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

(2) The chairperson of the Board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

(3) After exercising due diligence, the Board or committee shall determine whether the CDE can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

(4) If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board or committee shall determine by a majority vote of the disinterested Directors whether the transaction or arrangement is in the CDE's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

d. **Violations of the Conflicts of Interest Policy**

(1) If the Board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

(2) If, after hearing the member's response and after making further investigation as warranted by the circumstances, the Board or committee determines the member has failed to disclose the actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Section 5. Records of Proceedings. The minutes of the Board and all committees shall contain:

a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the Board's or committee's decision as to whether a conflict of interest in fact existed.

b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Section 6. Annual Statements. Each Director, Elected Officer and member of a committee shall annually sign a statement which affirms such person:

- a. Has received a copy of the conflicts of interest policy;
- b. Has read and understands the policy;
- c. Has agreed to comply with the policy; and
- d. Understands the CDE is organized as a nonprofit organization and must engage primarily in activities which accomplish one or more of the objectives of its nonprofit mission.

Section 7. Periodic Reviews. To ensure the CDE operates in a manner consistent with its nonprofit mission, periodic reviews shall be conducted by the Board and/or its designated committee, if any. The periodic reviews shall, at a minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's-length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the CDE's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further the CDE's nonprofit mission and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

Section 8. Use of Outside Experts. When conducting the periodic reviews as provided for in Section 7 hereof, the CDE may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring periodic reviews are conducted.

ARTICLE XI **NOTICE**

Section 1. Written Notice. Except as required by the Open Meeting Law, if any of this Operating Agreement requires or permits notice to be given to any Director, Elected Officer or member of an Advisory Board or committee, it shall not be construed to require personal notice, but any such notice may be given in writing by depositing the same in a post office or letter box in a prepaid, sealed wrapper, or by facsimile transmission by telephone ("**Fax**"), in either case addressed to such Director, Elected Officer or member of an Advisory Board or committee at such person's address as such address appears on the books of the CDE. The time when the notice shall have been so mailed or delivered by Fax shall be deemed the time of the giving of such notice.

Section 2. E-Mail. At the written direction of a Director, Elected Officer or member of an Advisory Board or committee, but in the sole discretion of the CDE, notice to such Director, Elected Officer or member of an Advisory Board or committee may be delivered by electronic means, including without limitation electronic mail ("**E-mail**"). The time when the notice shall have been so sent by E-mail shall be deemed the time of the giving of such notice.

Section 3. Waivers. Except as required by the Open Meeting Law, any Director, Elected Officer, member of an Advisory Board or committee may waive, in writing or by Fax or E-mail, any notice required or permitted to be given under any provisions of any statute or of this Operating Agreement, either before, at, or after the meeting or other event of which notice is so provided. All

Directors, Elected Officers or members of an Advisory Board or committee present at any CDE Meeting shall be deemed to have waived any and all notice thereof.

ARTICLE XII
SEAL

Section 1. **Seal.** The CDE may use a seal of such design as may be adopted by the Board.

Section 2. **Custodian.** The Chairperson shall be the custodian of the seal.

Section 3. **Necessity of Seal.** The failure to affix the seal of the CDE to any document or instrument shall not affect the validity of such document or instrument whatsoever.

ARTICLE XIII
REPEAL AND AMENDMENT

Section 1. **Repeal and Amendment.** This Operating Agreement may be altered, amended or repealed by the affirmative vote of a majority of its Members.

ARTICLE XIV
PARLIAMENTARY PROCEDURE

Section 1. **Parliamentary Procedure.** When not in conflict with any of the provisions of this Operating Agreement, the proceedings of the CDE meetings shall be governed by and conducted according to the latest edition of *Robert's Rules of Order*.

ARTICLE XV
INDEMNIFICATION

Section 1. **Indemnification.** The CDE shall indemnify and hold harmless any person who was or is party or is threatened to be made party to any action, suit or proceeding, whether civil, criminal, administrative or investigative (including any action by or in the right of the CDE) by reason of the fact that the person is or was a Director or an Elected Officer (collectively, "**Protected Group**") against expenses (including attorneys' fees), judgment, fines and amounts paid in settlement actually and reasonably incurred in connection with such action, suit, or proceeding if the person acted in good faith and in a manner reasonably believed to be in or not opposed to the best interest of the CDE, and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his or her conduct was unlawful; provided that in case of actions by or in this right of the CDE, the indemnity shall be limited to expenses (including attorneys' fees and amounts paid in settlement not exceeding, in the judgment of the Board, the estimated expense of litigating the action to conclusion) actually and reasonably incurred in connection with the defense or settlement of such action.

No indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his or her duty to the CDE unless and only to the extent that the court shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, they are fairly and reasonably entitled to indemnity for such expense which the court shall deem proper.

The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interest of the CDE, and, with respect to any criminal action or proceeding, had reasonable cause that his or her conduct was unlawful.

To the extent that a member of the Protected Group has been successful on the merits or otherwise in defense of any such action, suit or proceeding, or in defense of any claim, issue or matter therein, he or she shall be indemnified against expenses (including attorney's fees) actually and reasonably incurred by them in connection therewith.

This indemnification (unless ordered by the court) shall be made by the CDE only as authorized in a specific case upon a determination that the applicable standard of conduct has been met. Such determination shall be made by (a) the Board by a majority vote of Directors who were not parties to such action, suit or proceeding, or (b) if quorum is not obtainable or a quorum of disinterested Directors so directs, by independent legal counsel.

The expenses incurred in defending such an action, suit or proceeding shall be paid by the CDE in advance of the final disposition thereof if authorized by the Board in the manner provided above, upon receipt of an undertaking by or on behalf of the member of the Protected Group to repay such amount unless it shall ultimately be determined that entitled to be indemnified by the CDE as authorized hereunder.

The foregoing indemnification shall not be exclusive of other rights to which any member of the Protected Group may be entitled as a matter of law, and shall inure to the benefit of any member of the Protected Group's heirs and legal representatives.

The CDE may procure insurance on behalf of any member of the Protected Group against any liability asserted against or incurred by the person in any such capacity, or arising out the person's status as such, whether or not the CDE would have the power to indemnify the person against such liability under the laws of the State of Louisiana.

ARTICLE XVI **DISSOLUTION**

Section 1. Procedure. The CDE shall use its funds only to accomplish the goals of its nonprofit mission stated in Article II, and no part of the funds shall inure, or be distributed to any Director, Elected Officer, Member of the CDE (other than Qualified Organizations) or other person. Upon dissolution of the CDE, all assets remaining after the payment of liabilities shall be distributed exclusively to Qualified Organizations or for tax-exempt purposes under section 501(c)(3) of the Code.

ARTICLE XVII **ADDITIONAL RESTRICTIONS**

Section 1. All Members must be, and all Membership Units must be owned directly or indirectly by Qualified Organizations.

Section 2. No direct or indirect transfer of any Membership Units shall be made to a transferee which is not then a Qualified Organization.

Section 3. Interests in the CDE or its assets may only be availed of or transferred to (whether directly or indirectly) any nonmember of the CDE (other than a Qualified Organization) in exchange for fair market value.

Section 4. The CDE may not distribute assets to any Member in the Member's capacity as a Member, if the distributee Member is not, at the time of the distribution, a Qualified Organization.

Section 5. The CDE may not merge with, or convert into, a for-profit entity.

Section 6. If a Member or an entity holding Membership Units ceases to be a Qualified Organization (i.e., becomes a "**Disqualified Organization**"), then within ninety (90) days after the occurrence of such event ("**Transfer Period**"), the Disqualified Organization shall transfer its Membership Units, without consideration, to a Qualified Organization. If another Member is and remains a Qualified Organization ("**Qualifying Member**") during the Transfer Period, the transferee specified in the preceding sentence shall be the Qualifying Member or another Qualified Organization specified in writing by the Qualifying Member within thirty (30) days after the commencement of the Transfer Period. If there is more than one Qualifying Members, all Qualifying Members must concur in the specification of the Qualifying Organization within thirty (30) days after the commencement of the Transfer Period. If the Qualifying Members cannot agree upon a Qualifying Organization within the specified period, the Membership Units shall be transferred before the close of the Transfer Period to the Qualifying Members pro rata based on each Qualifying Member's interest in the CDE. To the extent that a Disqualified Organization fails to make the transfer required by this paragraph within sixty (60) days after the commencement of the Transfer Period, then such Disqualified Organization shall be deemed to have granted to the Qualifying Members an irrevocable mandate and power of attorney to transfer the Disqualified Organization's Membership Units pursuant to this paragraph. Pursuant to the irrevocable mandate and power of attorney granted in the preceding sentence, the Qualifying Members shall transfer such Membership Units to themselves or to other Qualified Organizations prior to the termination of the Transfer Period, and any transfer made by the Qualifying Members pursuant to this mandate and power of attorney shall be final, irrevocable and binding on the Disqualified Organization.

ARTICLE XVIII **MISCELLANEOUS PROVISIONS**

Section 1. General Laws. Any matters not heretofore covered by this Operating Agreement shall be governed by the provisions of the laws of the State of Louisiana.

Section 2. Severability. The invalidity of any part of this Operating Agreement shall not impair or affect in any manner the validity or enforceability of the remainder of this Operating Agreement.

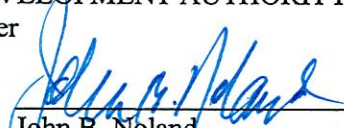
Section 3. Waiver. No restriction, condition, obligation or provision contained in this Operating Agreement shall be deemed to have been abrogated or waived by reason of any failure to enforce same, irrespective of the number of violations or breaches thereof which may occur.

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I certify that this Operating Agreement were unanimously approved by the Members of the CDE on the 18th day of February, 2010.

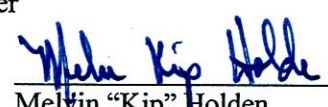
EAST BATON ROUGE COMMUNITY
DEVELOPMENT ENTITY LLC

By: EAST BATON ROUGE
REDEVELOPMENT AUTHORITY,
Member

By: 
Print: John B. Noland
Its: Chairman of the Board

Date Executed: Feb. 18, 2010

By: CITY OF BATON ROUGE/PARISH OF
EAST BATON ROUGE, LOUISIANA,
Member

By: 
Print: Melvin "Kip" Holden
Its: Mayor/President

Date Executed: Feb. 18, 2010

[End of signature blocks.]

APPROVED

PARISH ATTORNEY'S OFFICE