

## BY-LAWS

### ARTICLE I – NAME, BOUNDARIES AND PRINCIPAL OFFICE

#### Section 1.1 Name

The name of this Corporation is **The Covenant Community Corporation.**

#### Section 1.2 Boundaries

The Corporation's service area includes the City of Harrisburg, Pennsylvania bounded by the official corporate limits of the city. The Corporation may also extend its service area within the Commonwealth of Pennsylvania as the business of the Corporation shall have inscribed.

#### Section 1.3 Principal Office

The principal office of the Corporation shall be located in the City of Harrisburg within the boundaries of its service area. Its registered office is located at 2550 N. Third Street, City of Harrisburg, County of Dauphin, Pennsylvania. The Corporation may also have other offices within the Commonwealth of Pennsylvania as the Board of Directors may from time to time determine.

### ARTICLE II – PURPOSES AND POWERS

#### Section 2.1 Purpose

The Corporation is incorporated and organized exclusively for charitable and educational purposes as defined by Section 501(c)(3) of the Internal Revenue Code of 1986, with the objective of nurturing the social and economic health of communities to include, without limitation:

- A. Fostering community and civic engagement through (1) education about, and assistance in, neighborhood community organizing, (2) facilitation of community problem solving and (3) encouragement of informed input on issues affecting the day-to-day functionality of neighborhood communities and long-term neighborhood community vitality;
- B. Fostering community improvement through comprehensive planning and a comprehensive process of revitalization that seeks to protect, enhance and promote urban living, and the community's cultural and architectural heritage;
- C. Educating residents, businesses and Corporations within the Corporation's boundaries in matters of public finance, planning, zoning, infrastructure, code enforcement, and community and economic development;

- D. Educating the residents about the history of their community and the significance of its culture and architecture;
- E. Assisting in the location and designation of buildings, sites, districts, objects and structures within the community which are of historic or architectural value, and encouraging and implementing the preservation and rehabilitation of such properties through research, procurement, purchase, rehabilitation, resale, release, or other means of disposition;
- F. Promoting, encouraging, developing and expanding residential and commercial activities in the community, engaging in the rehabilitation, restoration and construction of buildings and structures, and engaging in any other development activities that may otherwise be required to enhance and encourage economic vitality;
- G. Assisting in the development of projects, undertakings, studies and other activities in cooperation and coordination with individuals, neighborhood Corporations, community groups, and governmental entities, and with other historical, educational, cultural, civic and philanthropic Corporations to carry out the purposes of the Corporation;
- H. Soliciting and accepting endowments, grants, contributions, and donations of money, real property or other property or assets for the above purposes;
- I. Holding meetings and other activities for the instruction, education and the provision of information to the public;
- J. Working with communities to educate their public officials about the challenges and goals of their community;
- K. Using, investing, selling and distributing, through grants or other approved methods, any and all revenue and assets obtained for the purposes of the corporation; and
- L. Initiating any and all lawful activities which may be necessary, useful, or desirable for the furtherance, accomplishment or attainment of the purposes of the corporation, either directly or indirectly, and either alone or in cooperation with others.

## Section 2.2 Limitations.

- A. No part of the net earnings of the Corporation shall inure to the benefit of any individual and no director, officer, or employee of the Corporation shall receive any pecuniary benefits affecting the corporate purposes.
- B. No substantial part of the activities of the Corporation shall consist of carrying on propaganda or otherwise attempting to influence legislation; nor shall the Corporation participate in, or intervene in (including the publishing or distributing of statements) any political campaign on behalf of any candidate for public office.
- C. Notwithstanding any other provision of these Articles, the Corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from Federal Income under Section 501(c)(3) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue Law), or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal

D. Revenue Code of 1986 (or the corresponding provisions of any future United States Internal Revenue Law.)

### **ARTICLE III – MEMBERSHIP**

The Corporation shall have no members and the Directors shall be solely responsible for the operation of the Corporation.

### **ARTICLE IV - BOARD OF DIRECTORS**

#### Section 4.1 Number and Qualification

The affairs of the Corporation shall be governed by a Board of Directors composed of not less than five (5) nor more than thirteen (13) persons. The officers of the Corporation shall serve on the Board of Directors. They will be entitled to a position on the Board upon their election to their respective offices. All elections shall be managed and controlled by its Board of Directors. The first Board of Directors shall be elected by the incorporators of the Corporation named in the Certificate of Incorporation.

#### Section 4.2 Governing Powers

The Board of Directors shall have all the powers necessary or appropriate for the administration of the affairs of this Corporation. It shall be the duty of the Board of Directors to:

- (A) Perform any and all duties imposed on them collectively or individually by law, by the Articles of Incorporation, or by these bylaws;
- (B) Appoint and remove, employ and discharge, and, except as otherwise provided in these bylaws, prescribe the duties and fix the compensation, if any, of agents and employees of the Corporation;
- (C) Supervise all officers, agents and employees of the Corporation to assure that their duties are performed properly;
- (D) Meet at such times and places as required by these bylaws;
- (E) Register their addresses with the Secretary of the Corporation, and notices of meetings mailed or telegraphed to them at such addresses shall be valid notices thereof.

### Section 4.3 Annual Meetings.

The Board of Directors shall hold annual meetings of the Corporation during the third week of October at the offices of the Corporation at 10:30 a.m., local time, or at such other date, time and place as the Board of Directors may determine from time to time. At such annual meeting the officers shall be elected for the ensuing year, the annual report shall be presented, and the Board of Directors shall consider such other business as may be brought before it.

### Section 4.4 Election and Term of Office

The Directors shall be classified with respect to the time for which they shall severally hold office by dividing them into three (3) classes. Each class shall be as nearly equal in number as possible. The first three classes elected pursuant to this section shall serve for terms of one, two and three years, respectively. Thereafter, each class of Directors shall serve for a term of three years. At each annual meeting of the Directors, the successors to the class of Directors whose term expires that year shall be elected to hold office for the term of three years and until a successor is elected and qualified or until the Director's earlier death, resignation or removal, so that the term of office of one class of Directors expires in each year. If at any meeting of Directors, Directors of more than one class are to be elected, each class of Directors shall be elected in a separate election.

### Section 4.5 Vacancies

Vacancies in the Board of Directors caused by any reason, including removal of a Director, shall be filled by appointment by the Board of Directors. Each person so appointed shall be a Director until a successor is elected.

### Section 4.6 Removal of Directors

Any Director may be removed from office by affirmative voice of the majority of Directors present at an official meeting for cause, such as absence from three (3) consecutive meetings without notifying the President. Advance notice of removal will be given to each Director, including the Director affected.

### Section 4.7 Compensation

No compensation shall be paid to Directors for their services as Directors or for their services in any other capacity, or pursuant to any other contractual arrangement whatever. Directors may be reimbursed for actual expenses incurred by them in the performance of their duties.

### Section 4.8 Regular Meetings

Regular meetings of the Board of Directors may be held at such time and place as shall be determined by a majority of the Directors.

## Section 4.9 Special Meetings

Special meetings of the Board of Directors may be called by the Chairman or President on three (3) days' notice to each Director, given by mail, e-mail, telegraph or facsimile transmission, which notice shall state the time, place and purpose of the meetings. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least three (3) Directors.

## Section 4.10 Meeting by Conference Telephone

One or more Directors may 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.

## Section 4.11 Waiver of Notice

Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the receipt of such notice. Attendance by a Director at any meeting of the Board without objection as to notice shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board and no objection is made as to notice, no notice shall be required and any business may be transacted at such meeting.

## Section 4.12 Quorum

At all meetings of the Board of Directors, majority of the Directors in office shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors then in office shall be the acts of the Board of Directors, except where a larger number is required by law, the Articles of Incorporation or these By-Laws. If at any meeting of the Board of Directors there is less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice, if a quorum is present.

## Section 4.13 Action by Consent

Any lawful action of the Board of Directors may be taken without a meeting if written consent to such action is signed by all the directors and filed with the minutes of the Board.

## Section 4.14 Executive Committee

The Board of Directors may appoint from among its members an Executive Committee of not less than two or more than seven members, one of whom shall be the President, and shall

designate one of such members as Chairman. The Board may also designate one or more of its members as alternates to serve as a member or members of the Executive Committee in the absence of a regular member or members. The Executive Committee shall possess and exercise all powers of the Board of Directors during the intervals between meetings.

#### Section 4.15 Other Committees

The Board of Directors may appoint from among its members such other standing or temporary committees as it shall determine from time to time to be necessary or convenient to the management of the Corporation. Such committees shall have such powers as may from time to time be granted by resolution of the Board of Directors.

### **ARTICLE V – OFFICERS**

#### Section 5.1 Designation

The principal officers of the Corporation shall be a Chairman, President, one or more Vice Presidents, a Secretary and a Treasurer. All of the principal officers of the Corporation shall be elected by and from the Board of Directors. Any two offices, except those of the President and Secretary, may be held by the same person. The Directors may appoint an Assistant Secretary, an Assistant Treasurer and such other officers as in their judgment may be necessary.

#### Section 5.2 Election of Officers

The officers of the Corporation shall be elected annually by the Board of Directors at its annual meeting and, unless sooner removed by the Board, the officers shall serve for a term of one (1) year and until their successors are elected and shall qualify. Any vacancies occurring in officers shall be filled by the Board of Directors from time to time. The Board of Directors shall appoint such temporary or acting officers as may be necessary during the temporary absence or disability of the regular officers.

#### Section 5.3 Removal

Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Directors or at any special meeting called for such purpose.



#### Section 5.4 Chairman

The Chairman shall preside at all meetings of the Board of Directors. He shall have all the general powers and duties which are usually vested in the officer or Chairman of a corporation, including the power to appoint such committees from time to time as he in his discretion may deem appropriate to assist in the conduct of the affairs of the Corporation.

#### Section 5.5 President

The President shall be the chief executive officer of the Corporation and in the absence of the Chairman shall have the powers of the Chairman. The President shall make annual reports showing the condition of the affairs of the Corporation and make such recommendations as he thinks proper and submit the same to the Board of Directors at the annual meeting of the Board. He shall, from time to time, bring before the Board of Directors such information concerning the business and property of the Corporation as may be required.

#### Section 5.6 Vice Presidents

There shall be one or more Vice Presidents, as the Board of Directors shall from time to time determine. In the absence of disability of the President, any one of the Vice Presidents designated by the President shall perform the duties and exercise the powers of the President. The Vice Presidents shall also perform such other duties as shall be prescribed by the Board of Directors.

#### Section 5.7 Secretary

The Secretary shall keep the minutes of all meetings of the Board of Directors and of the Executive Committee. He shall have custody of the seal of the Corporation and of such other books and Records of the Corporation as the Board of Directors may provide. He shall perform the duties and functions customarily performed by the Secretary of a corporation, together with such other duties as the Board of Directors may provide.

#### Section 5.8 Treasurer

The Treasurer shall have custody of the corporate funds and securities, and shall keep full and accurate account of all receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name of and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. He shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render an account of all his transactions as Treasurer and of the financial condition of the Corporation whenever called upon to do so.



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## **ARTICLE VI - LIABILITY OF DIRECTORS AND OFFICERS**

### Section 6.1 Liability of Directors

Except for responsibility or liability of a Director pursuant to any criminal statute or for payment of taxes pursuant to local, state or Federal law, a Director of the Corporation shall

not be personally liable for monetary damages for any action taken or any failure to take any action unless (a) such Director has breached or failed to perform his fiduciary duties as provided in Section 6.2 hereof and (b) the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness.

### Section 6.2 Directors' Fiduciary Duties

A Director of the Corporation shall stand in a fiduciary relation to the Corporation and shall perform his duties as a Director (including as a member of any committee of the Board) in accordance with the standards set forth in Section 511(a) of the Corporations and Unincorporated Associations Code, 15 Pa. C.S.A. §511(a), as the same may be amended from time to time. Absent breach of fiduciary duty, lack of good faith or self-dealing, actions taken as a Director or any failure to take any action shall be presumed to be in the best interest of the Corporation.

### Section 6.3 Liability of Directors and Officers

As provided in 42 Pa. C.S.A. §8332.2, no Director or officer of the Corporation who serves without compensation, other than reimbursement for actual expenses, shall be liable for any civil damages as a result of any acts or omissions relating solely to the performance of his duties as a Director or officer, unless (a) the conduct of such Director or officer falls substantially below the standards generally practiced and accepted in like circumstances by similar persons performing the same or similar duties and (b) it is shown that the Director or officer did an act or omitted doing an act which he was under a recognized duty to another to do, knowing or having reason to know that the act or omission created a substantial risk of actual harm to the person or property of another.

## **ARTICLE VII - INDEMNIFICATION**

### Section 7.1 Right to Indemnification

Representatives of the Corporation shall be entitled to indemnification as provided in the Nonprofit Corporation Law of 1988, Pa. C.S.A. §§5741-5748.



## Section 7.2 Preservation of Rights

No amendment or repeal of this Article shall adversely affect any right or protection extended to a representative hereunder for an act or failure to act occurring prior to the time of such amendment or repeal. Each representative shall be deemed to act in such capacity in reliance upon the rights of indemnification hereunder. The rights to indemnification hereunder shall continue as to a person who has ceased to be a representative and shall inure to the benefit of the heirs, executors and administrators of such person.

## Section 7.3 Definitions

As used herein, references to a "representative" shall include without limitation any director, officer or employee.

## **ARTICLE VIII – CONFLICT OF INTEREST**

### Section 8.1 Purpose

The purpose of this conflict of interest policy is to protect the Corporation's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the corporation or might result in a possible excess benefit transaction. This policy is intended to supplement, but not replace any applicable state and federal laws governing conflict of interest applicable to non-profit and charitable Corporations

### Section 8.2 Definitions

The following definitions shall apply to this article:

A. "Interested Person" - Any director, principal officer, or member of a committee with governing board delegated powers, 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 the Corporation has a transaction or arrangement,
2. A compensation arrangement with the Corporation or with any entity or individual with which the Corporation 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 corporation is negotiating a transaction or arrangement.

A financial interest is not necessarily a conflict of interest. Under Section 8.3.B, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

C. "Compensation" - Direct and indirect remuneration, as well as gifts or favors that are not insubstantial.

### Section 8.3 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 directors and members of committees with governing board delegated powers 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 governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

#### E. Procedures for Addressing the Conflict of Interest

1. An interested person may make a presentation at the governing board or committee 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 governing 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 governing board or committee shall determine whether the Corporation 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 governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the corporation'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.

#### E. Violations of the Conflicts of Interest Policy

1. If the governing 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 governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

#### Section 8.4 Records of Proceedings

The minutes of the governing board and all committees with board delegated powers 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 governing 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 8.5 Compensation

A. A voting member of the governing board who receives compensation, directly or indirectly, from the corporation for services is precluded from voting on matters pertaining to that member's compensation.

B. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the corporation for services is precluded from voting on matters pertaining to that member's compensation.

C. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the

Corporation, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

#### Section 8.6 Annual Statements

Each director, principal officer and member of a committee with governing board delegated powers shall annually sign a statement that 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 Corporation is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

#### Section 8.7 Periodic Reviews

To ensure the Corporation operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. 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 Corporations conform to the Corporation's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

#### Section 8.8 Use of Outside Experts

When conducting the periodic reviews as provided for in Article VII, the Corporation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

## **ARTICLE IX - AMENDMENTS**

Except as otherwise required by law and as provided herein, these By-Laws may be amended at any regular meeting of the Board of Directors or at any special meeting of the Board of Directors called for that purpose, provided that written notice of the proposed amendment shall have been given at least ten (10) days prior to such meeting. All amendments to the

Articles and to the By-Laws shall require a two-thirds vote of the Directors then in office. Notwithstanding any provisions contained herein to the contrary, no amendment of the By-Laws shall be effective which shall be inconsistent with the articles of Incorporation.

## **ARTICLE X - DISSOLUTION**

Upon dissolution of the Corporation, the Board of Directors shall, after paying or making provision for the payment of all of the liabilities of the Corporation, dispose of all of the assets of the Corporation exclusively for the purposes of the Corporation in such manner, or to such Corporations organized and operated exclusively for charitable, educational, religious or scientific purposes as at that time shall qualify as an exempt Corporation under Section 501(c)(3) of the Internal Revenue Code of 1986 (or the corresponding provisions of any future United States Internal Revenue Law), as the Board of Directors shall determine. Any such assets not so disposed of shall be disposed of by the Court of Common Pleas of the County in which the principal office of Corporation is then located, exclusively for such purposes or to such Corporations as said Court shall determine which are organized and operated exclusively for such purposes.

## **ARTICLE XI - MISCELLANEOUS**

### Section 11.1 Fiscal Year

The fiscal year of the Corporation shall begin on January 1 and end on December 31 of each year, except that the first fiscal year of the Corporation shall begin at the date of incorporation.

### Section 11.2 Annual Report

The President and Treasurer shall present an annual report to the Board of Directors at its annual meeting showing in appropriate detail the assets and liabilities of the Corporation at the end of the immediately preceding fiscal year, principal changes in such assets and liabilities during such fiscal year, and revenues and disbursements of the Corporation during

such fiscal year (both unrestricted and restricted to particular purposes and including separate data with respect to each trust fund held by or for Corporation).

### Section 11.3 Books and Accounts

Books and accounts of the Corporation shall be kept under the direction of the Treasurer of the Corporation.

### Section 11.4 Execution of Corporate Documents

With the prior authorization of the Board of Directors, all notes and contracts shall be executed on behalf of the corporation by either the President or a Vice President and attested to by the Secretary or Treasurer, and all checks executed on behalf of the Corporation shall be executed by any one or more officers or designated agents as the Board of Directors shall determine from time to time.

### Section 11.5 Fidelity Bonds

The Board of Directors may require that all officers and employees of the Corporation having custody or control of corporate funds furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Corporation.

### Section 11.6 Annual Audits

The Corporation shall have performed annually an audit done by a certified public accountant.