

FARMERSVILLE ECONOMIC DEVELOPMENT CORPORATION

BYLAWS

AS AMENDED FEBRUARY 12, 2002

ARTICLE I: PURPOSE AND POWERS

Section 1: Purpose

The Corporation is incorporated for the purposes set forth in Article Four of its Articles of Incorporation, the same to be accomplished on behalf of the City of Farmersville, Texas (the "City") as its duly constituted authority and instrumentality in accordance with the Development Corporation Act of 1979, as amended, Vernon's Ann. Civ. St. Art. 5190.6 (the "Act"), and other applicable laws.

Section 2: Powers

In the fulfillment of its corporate purpose, the Corporation shall be governed by Section 4A of the Act, and shall have all the powers set forth and conferred in its Articles of Incorporation, in the Act, and in other applicable law, subject to the limitation prescribed therein and herein and to the provisions thereof and hereof.

ARTICLE II: BOARD OF DIRECTORS

Section 1: Powers, Number and Term of Office

- (a) The property and affairs of the Corporation shall be managed and controlled by a Board of Directors (the "Board") and, subject to the restrictions imposed by law, by the Articles of Incorporation, and by these Bylaws, the Board shall exercise all of the powers of the Corporation.
- (b) The Board shall consist of five (5) directors, each of whom shall be appointed by the City Council (the "Council") of the City. Two of the five of the directors must be residents of the City of Farmersville, but three director may (at the discretion of the City Council) be non-residents of the City of Farmersville. However, these directors must be residents of the Farmersville Independent School District or have significant investment in the City.
- (c) The directors constituting the first Board shall be those directors named in the Articles of Incorporation. Two (2) members of the first Board shall serve terms of two (2) years, two (2) shall serve terms of three (3) years, and one (1) member shall serve for a term of one (1) year. The respective terms of the initial Board shall be determined by drawing. Thereafter, each successor member of the Board may be appointed and shall serve for three (3) years or until his or her successor is appointed as hereinafter provided. Directors may serve no more than two consecutive terms.
- (d) Any director may be removed from office by the Council at will upon a majority vote of the entire City Council. Failure by Corporation directors to attend at least 50% of called meetings within a one year period of the Corporation shall be cause for consideration of removal from office.

## Section 2: Meetings of Directors

The directors may hold their regular meetings at such place or places in the City as the Board may from time to time determine; provided, however, in the absence of any such determination by the Board, the meetings shall be held at the principal office of the Corporation as specified in Article V of these Bylaws. Special meetings of the Board shall be held whenever called by the president, by the secretary, by a majority of the directors, by the Mayor of the City, or by a majority of the City Council.

## Section 3: Notice of Meetings

- (a) Regular meetings of the Board shall be held without the necessity of written notice to the Directors at such times and places as shall be designated from time to time by the Board. Special meetings of the Board shall be held whenever called by the president, by the secretary, by a majority of the directors, by the Mayor of the City, or by a majority of the City Council. Nothing contained in this Section 3 shall violate the notice requirements contained in Section 4 hereafter.
- (b) The secretary shall give notice to each director of each emergency meeting in person or by mail, telephone, or telegraph, at least twenty-four (24) hours before the meeting.
- (c) Whenever any notice is required to be given to the Board, said notice shall be deemed to be sufficient if given by depositing the same in a post office in a sealed postpaid wrapper addressed to the person entitled thereto at his or her mailing address as it appears on the books of the Corporation, and such notice shall be deemed to have been given on the day of such mailing. Attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called or convened. Neither the business to be transacted at nor the purpose of any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting, unless required by the Board. A waiver of notice in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

## Section 4: Open Meetings Act

All meetings and deliberations of the Board shall be called, convened, held, and conducted, and notice shall be given to the public, in accordance with the Texas Open Meetings Act, Chapter 551, Texas Government Code, as amended.

## Section 5: Quorum

A majority of the directors shall constitute a quorum for the conduct of the official business of the Corporation. The act of a majority of the directors present at a meeting at which a quorum is in attendance shall constitute the act of the Board and of the Corporation unless the act of a greater number is required by law.

## Section 6: Conduct of Business

- (a) At the meetings of the Board, matters pertaining to the business of the Corporation shall be considered in accordance with rules of procedure as from time to time prescribed by the Board
- (b) At all meetings of the Board, the president shall preside, and in the absence of the president, the vice-president shall exercise the powers of the president.
- (c) The secretary of the Corporation shall act as secretary of all meetings of the Board, but in the absence of the secretary, the presiding officer may appoint any person to act as secretary of the meeting.
- (d) The secretary shall preside in the absence of the president and the vice-president.

## Section 7: Committees of the Board

There may be standing committees of the Board as the Board may from time to time create. Each such committee shall be composed of no more than two (2) Directors and such other persons as may be chosen by the Board for their applicable abilities and experience. The Board may delegate to any committee such authority as the Board deems necessary or desirable, provided that such delegation is specified in written resolution duly adopted by the Board. Anything to the contrary contained herein notwithstanding, all final, official actions of the Corporation may be exercised by the Board. Each committee so designated shall keep regular minutes of the transactions of its meetings and shall cause such minutes to be recorded in books kept for that purpose in the principal office of the Corporation.

## Section 8: Compensation of Directors

Directors shall not receive any salary or compensation for their services as directors. However, they shall be reimbursed for their actual expenses incurred in the performance of their duties hereunder.

## Section 9: Ex-Officio Members

The City Manager or his designee may attend all meetings of the Board of Directors or Committees, including executive session. The representative shall not have the power to vote in the meetings he attends; however, he shall have the right to take part in any discussion.

## ARTICLE III: OFFICERS

### Section 1: Titles and Term of Office

- (a) The officers of the Corporation shall be a president a vice-president, a secretary and a treasurer, and such other officers as the Board may from time to time elect or appoint. One person may hold more than one office, except that the president shall not hold the office of secretary. Terms of office shall be one (1) year with the right of an officer to be reelected during his/her respective term as director.
- (b) Any officer shall be subject to removal from office at any time by a vote of a majority of the entire Board.

- (c) A vacancy in the office of any officer shall be filled by a vote of a majority of the directors.

#### Section 2: Powers and Duties of the President

The president shall be the chief executive officer of the Corporation, and, subject to the paramount authority of the Board, the president shall be in general charge of the properties and affairs of the Corporation, shall preside at all meetings of the Board, and may, with prior approval of the Board, sign and execute all contracts, conveyances, franchises, bonds, deeds, assignments, mortgages, notes and other instruments in the name of the Corporation.

#### Section 3: Vice-President

The vice-president shall have such powers and duties as may be prescribed by the Board and shall exercise the powers of the president during that officer's absence or inability to act. Any action taken by the vice-president in the performance of the duties of the president shall be conclusive evidence of the absence or inability to act of the president at the time such action was taken.

#### Section 4: Treasurer

The treasurer shall have the responsibility to see to the handling, custody, and security of all funds and securities of the Corporation in accordance with these Bylaws and statutes governing corporations formed under the Act. The treasurer shall, at the expense of the corporation, give such bond for the faithful discharge of his duties in such form and amount as the Board or the Council may require.

#### Section 5: Signatories

The President, Vice-president, and Treasurer shall be signatories on the bank DDA card, and upon approval of the Board, two signatories will be required to endorse and sign, on behalf of the Corporation, for collection or issuance, checks, notes and other obligations in or drawn upon such bank or banks or depositories as shall be designated by the Board consistent with these Bylaws.

#### Section 6: Secretary

The secretary shall keep the minutes of all meetings of the Board in books provided for that purpose, shall give and serve all notices, may sign with the president and upon the approval of the Board in the name of the Corporation, and/or attest the signature thereto, all contracts, conveyances, franchises, bonds, deeds, assignments, mortgages, records, documents and instruments, except the papers as the Board may direct, all of which shall at all reasonable times be open to public inspection upon application at the office of the Corporation during business hours, and shall in general perform all duties incident to the office of secretary subject to the control of the Board. The minutes of all meetings shall be made available to the City Council.

#### Section 7: Selection of Officers

The president, each vice-president, and the secretary shall be named from among the members of the Board. The treasurer and assistant secretaries may, at the option of

the Board be persons other than members of the Board, including, but not limited to, employees of the City.

#### Section 8: Compensation

Officers who are members of the Board shall not receive any salary or compensation for their services, except that they shall be reimbursed for their actual expenses incurred in the performance of their duties hereunder. Other officers may be compensated as directed by the Board.

### ARTICLE IV: FUNCTIONAL CORPORATE DUTIES AND REQUIREMENTS

#### Section 1: General Development Plan

- (a) The Board shall research, develop, prepare, and submit to the Council for its approval, an economic development plan for the City, which shall include proposed methods and the expected costs of implementation. The plan shall include both short-term and long-term goals for the economic development of the City, proposed methods for the elimination of unemployment and underemployment, and the promotion of employment, through the expansion and development of a sound industrial, manufacturing, and retail base within the City.
- (b) The Board shall review and update the plan each year prior to submission of the annual budget required by other provisions of these Bylaws.

#### Section 2: Annual Corporate Budget

At least sixty (60) days prior to the commencement of each fiscal year of the Corporation, except for the initial budget, the Board shall adopt a proposed budget of expected revenues and proposed expenditures of the next ensuing fiscal year. The budget shall contain such classifications and shall be in such form as may be prescribed from time to time by the City Manager for inclusion with the annual budget submitted to the Council. The budget shall not be effective until the same has been approved by the Council.

#### Section 3: Books, Records, Audits

- (a) The Corporation shall keep and properly maintain, in accordance with generally accepted accounting principles, complete books, records, accounts and financial statements pertaining to its corporate funds, activities, and affairs.
- (b) At the discretion of the Council, the books, records, accounts and financial statements of the Corporation may be maintained for the Corporation by the City. In such event, the Corporation shall pay to the City reasonable compensation for such services.
- (c) The Corporation, or the City if the option described in subsection (b) is selected, shall cause its books, records, accounts, and financial statements to be audited at least once each fiscal year by an outside, independent, auditing and accounting firm selected by the City. Such audit shall be at the expense of the Corporation.

#### Section 4: Deposit and Investment of Corporate Funds

- (a) All proceeds from the issuance of bonds, notes, or other debt instruments (“Obligations”) issued by the Corporation shall be deposited and invested as provided in the resolution, order, indenture, or other documents authorizing or relating to the issuance.
- (b) All other monies of the corporation shall be deposited, secured, and/or invested in the manner provided for the deposit, security, and/or investment of the public funds of the City. The Board shall designate the accounts and depositories to be created and designated for such purposes, and the methods of withdrawal of funds therefrom for use by and for the purposes of the Corporation upon the signatures of two of its signatories. The accounts, reconciliation, and investment of such funds and accounts may, at the direction of the Board, be performed by the Finance Department of the City. The Corporation shall pay reasonable compensation for such services to the City.

#### Section 5: Expenditures of Corporate Money

- (a) The monies of the Corporation, including sales and use taxes collected pursuant to section 4A of the Act, monies derived from the repayment of loans, rents received from the lease or use of property, proceeds from the investment of funds of the Corporation, proceeds from the sale of property, and proceeds derived from the sale of Obligations, may be expended by the Corporation for any of the purposes authorized by the Act, subject to the following limitations:
  - (i) Expenditures from the proceeds of Obligations shall be identified and described in the orders, resolutions, indentures, or other agreements submitted to and approved by the Council prior to the sale and delivery of the Obligations to the purchasers thereof required by Section 6 of this Article.
  - (ii) Expenditures that may be made from a fund created with the proceeds of Obligations, and expenditures of monies derived from sources other than the proceeds of Obligations may be used for the purposes of financing or otherwise providing one or more “Projects” as defined in the Act. The specific expenditures shall be described in a resolution or order of the Board, and shall be made only after the approval thereof by the City Council;
  - (iii) All other proposed expenditures shall be made in accordance with and shall be set forth in the annual budget required by Section 2 of this Article.

#### Section 6: Issuance of Obligations

No obligations, including refunding Obligations, shall be sold and delivered by the Corporation unless the City Council, after review by the City’s bond counsel/financial advisor, shall approve such Obligations by action taken no more than sixty (60) days prior to the date of sale of the Obligations.

Debt service shall be limited to 75% of the projected sales tax revenue over the period of the obligation.

## ARTICLE V: MISCELLANEOUS PROVISIONS

### Section 1: Principal Office

- (a) The principal office and the registered office of the Corporation shall be the registered office of the Corporation specified in the Articles of Incorporation.
- (b) The Corporation shall have and shall continually designate a registered agent at its registered office, as required by the Act.

### Section 2: Fiscal Year

The fiscal year of the corporation shall be the same as the fiscal year of the City.

### Section 3: Seal

The seal of the Corporation shall be as determined by the Board.

### Section 4: Resignations

Any director or officer may resign at any time. Such resignation shall be made in writing and shall take effect at the time specified therein, or, if no time be specified, at the time of its receipt by the president or secretary. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

### Section 5: Approval or Advice and Consent of the Council

To the extent that these Bylaws refer to any approval by the City or refer to advice and consent by the Council, such advice and consent shall be evidenced by a certified copy of a resolution, order, or motion duly adopted by the Council.

### Section 6: Services of City Staff and Officers

Subject to approval from the City Council, the Corporation shall have the right to utilize the services of the City Attorney, the City Secretary, and the Finance Department of the City. Provided:

- (i) that the Corporation shall pay reasonable compensation to the City for such services, and
- (ii) the performance of such services does not materially interfere with the other duties of such personnel of the City.

### Section 7: Indemnification of Directors, Officers and Employees

- (a) As provided in the Act and in the Articles of Incorporation, the Corporation is, for the purposes of the Texas Tort Claims Act (Subchapter A, Chapter 101, Texas Civil Practices and Remedies Code), a governmental unit and its actions are governmental functions.
- (b) The Corporation shall indemnify and hold harmless each and every member of the Board, its officers, and its employees, and each member of the Council and each employee of the City, to the fullest extent permitted by law, against any and all liability or expense, including attorneys' fees, incurred by any of such persons by reason of any actions or omissions that may arise out of the functions and activities of the Corporation.

Section 8: Bonds

- (a) All directors shall give an official Liability Insurance of not less than one million dollars (\$1,000,000) and shall give a personal Fidelity Bond of not less than thirty thousand (\$30,000). The bonds and insurance referred to in this section shall be considered for the faithful accounting of all monies and things of value coming into the hands of the offices. The bonds and insurance shall be obtained from accredited, surety, and insurance companies authorized to do business in the State of Texas.
- (b) All premiums for the liability insurance and fidelity bonds will be maintained and funded at the total expense of the corporation. Copies of bonds and insurance policies shall be filed with the City Secretary.

ARTICLE VI: EFFECTIVE DATE, AMENDMENTS

Section 1: Effective Date

These Bylaws shall become effective upon the occurrence of the following events:

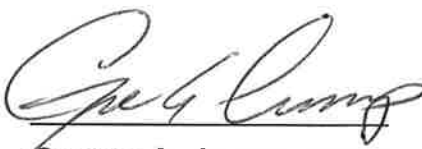
- (a) the approval of these Bylaws by the City Council; and  
(b) the adoption of these Bylaws by the Board.

Section 2: Amendments to Articles of Incorporation and Bylaws

The Articles of Incorporation of the Corporation and these Bylaws may be amended only in the manner provided in the Articles of Incorporation and the Act.

  
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Nathan Layman, Secretary FEDC

Approved by the Farmersville City Council on the 12<sup>th</sup> day of February, 2002.

  
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George G. Crump, Mayor