

**CORPORATE BYLAWS
OF THE
SIMONTON DEVELOPMENT CORPORATION**

These Bylaws shall govern the affairs of the SIMONTON DEVELOPMENT CORPORATION (the Corporation), a public instrumentality and a non-profit corporation created under Section 4B of the Development Corporation Act of 1979, as amended (the Act).

**ARTICLE I
PURPOSE**

Sect. 1: The Corporation acts on behalf of the City of Simonton, Texas in the furtherance of the public purpose of aiding, promoting, and furthering the economic development of the City of Simonton, Texas, (City) and may engage in any activities authorized by the Act.

**ARTICLE II
POWERS**

Sect. 1: The Corporation shall have all the powers, both express and implied, granted to corporations governed by Sect. 4B of the Act.

**ARTICLE III
OFFICE AND AGENT**

Sect. 1: Principal Office - The principal office of the Corporation is City Hall, currently located at 35011 FM 1093, Simonton, Texas. The Corporation may provide for additional offices, or change the location of any office, principal or otherwise, with the approval of the City Council of Simonton, Texas (the Council).

Sect. 2: Registered Office and Agent - The Corporation shall have and continuously maintain in the State of Texas a registered office and a registered agent whose office is identical with such registered office, as required by the Act. The Board of Directors may from time to time change the registered office and/or agent with the approval of Council, and provided that proper notification of such change(s) is given to the Office of the Secretary of State of the State of Texas.

**ARTICLE IV
BOARD OF DIRECTORS**

Sect. 1: Management - The property and affairs of the Corporation shall be managed and controlled by a Board of Directors (the Board) subject to the restrictions imposed by law, by the Articles of Incorporation, these bylaws, and by the Council.

Sect. 2: Number - The Board shall consist of seven (7) directors who shall be appointed by the Council, and shall at all time serve at the will of Council, irrespective of terms. No more than four (4) of the directors shall be Council members, officers of the City, or employees of the City.

Sect. 3: Term - The directors shall be appointed for a term not to exceed two (2) years. The initial term of three (3) of the directors shall terminate June 1, 2010. The initial term of four (4) of the directors shall terminate June 1, 2011. The term of any Council member(s) serving as director(s) shall terminate at such time that they cease to be a member of the Council.

Sect. 4: Qualifications - Directors shall be at least eighteen (18) years of age and residents of Simonton, Texas and/or Fort Bend County, Texas. The Council shall consider an individual's experience, profession, accomplishments, and education in appointing directors. Such considerations shall serve the purpose of providing the Board with a varied representation that would best enable it to accomplish its goals and missions. The Board may make recommendations to the Council of individuals for appointment to the Board.

Sect. 5: Compensation - Directors shall not receive a salary or any other compensation for their service as directors. However, directors may be reimbursed for their actual and reasonable expenses incurred in the performance of their duties.

Sect. 6: Duties - Directors shall exercise ordinary business judgment in managing the affairs of the Corporation. In acting in their official capacity as directors of the Corporation, directors shall act in good faith and take actions they reasonably believe to be in the best interest of the Corporation and the City, and which are not unlawful or unethical. The Board shall be accountable to the Council for all activities undertaken by them, or on their behalf, whether discharged directly by the Board, or by a person, firm, corporation, agency, association, or other entity acting on behalf of the Board.

- A. The directors acting as a Board shall be responsible for, but not limited to, the following:
1. Developing and implementing strategies to bolster the business climate throughout the City
 2. Developing and implementing strategies which fully utilize their assets for the economic development of the City
 3. Utilizing public, private, and academic resources to develop and enhance economic opportunities for the City's citizens and its businesses
 4. At all times being prepared to provide an accounting of all monies expended by the Corporation
 5. Providing to Council such reports on the activities of the Corporation as the Council may from time to time request

Sect. 7: Ex-Officio Directors – Council may from time to time appoint ex-officio directors to the Board. The term of office of any appointed ex-officio directors shall expire two years from the date of appointment. Ex-officio directors shall be accorded all the rights and privileges accorded directors with the exception of a voting privilege. Ex-Officio directors, like regular directors, shall at all times serve at the will of Council.

Sect. 8: Attendance – Directors should make every effort to attend all regular or special called meetings of the Board. The Council may remove directors absent from meetings on a regular basis.

Sect. 9: Vacancies – The Council shall fill any vacancy occurring on the Board. Any such appointment shall be for the unexpired term of the vacated position.

Sect. 10: Conflicts of Interest – The directors are local public officials within the meaning of the Texas Government Code. If a director has a substantial interest in a business entity or real property that is the subject of deliberation by the Board, the director shall file an executed statement with the

secretary of the Corporation stating the nature and extent of the interest. Such statements shall be filed prior to any vote or decision upon the matter by the Board, and the interested director shall abstain from any vote or decision upon the matter, and may be asked to refrain from participation in discussions of the matter before the Board for consideration.

Sect. 11: Removal – The Board of Directors and each member thereof serves at the pleasure of the Council which may remove any director at any time, either with or without cause, and irrespective of terms.

ARTICLE V OFFICERS

Sect. 1: Offices – The officers of the Corporation shall be a president, a vice president, a secretary, and a treasurer, all of whom shall be members of the Board. The Board may create additional officer positions, define the authorities and duties of such additional positions, and appoint persons to fill such positions. No person may hold more than one office in the Corporation.

Sect. 2: Election and Term – The officers of the Corporation shall be elected by the Board at the Corporation's organizational meeting, and thereafter annually at the regular annual meeting. Each officer shall hold office until a successor is duly elected, or the officer vacates his position on the Board for whatever reason. An officer may be elected to succeed himself or herself in the same office.

Sect. 3: Vacancies – A vacancy in any office will be filled by the Board for the unexpired portion of the officer's term.

Sect. 4: Removal – Any officer may be removed by the Board at any time, with or without cause. The removal of an officer does not constitute removal of such person as a director of the Corporation.

Sect. 5: President – The president shall be the chief executive officer of the Corporation. He shall preside at all Board meetings and generally supervise and control the business affairs of the Corporation. The president shall execute all documents and agreements affecting the Corporation, except where such power is expressly delegated to another officer of the Corporation. The president shall appoint the members of all committees and all committee chairs. The president shall perform other duties that may from time to time be prescribed by the Board, and all duties incident to the office of president.

Sect. 6: Vice President – When the president is absent, is unable to act, or refuses to act, the vice president shall perform the duties of the president. When acting in place of the president, the vice president shall have all the powers, privileges, and duties of president, and be subject to all of the limitations and restrictions placed upon the president.

Sect. 7: Secretary – The secretary shall be the custodian of the corporate records. The secretary shall record and keep all the votes and minutes of the meetings of the Board. The secretary shall give notice of all meetings of the Board and its committees. The Board may delegate to another party the duties of recording of votes and minutes, and the posting of meeting notices. The secretary shall authenticate corporate documents and affix the seal of the Corporation as may be required. The secretary shall also perform all duties incident to the office of secretary, and other duties as may from time to time be assigned by the Board. In the absence of the president and vice president, the secretary shall call a meeting to order and preside until the election of a president pro-tem.

Sect. 8: Treasurer – The treasurer shall, if required by the Board or the Council, provide bond for the faithful discharge of his/her duties in such a form and amount as the Board or Council may require.

The cost of such bond shall be paid by the Corporation. In the absence of the president, vice president, and secretary, the treasurer shall call a meeting to order, and preside until the election of a president pro-tem.

Additionally, the treasurer shall:

1. Have charge and custody of, and be responsible for all funds and securities of the Corporation
2. Receive and give receipts for monies due and payable to the Corporation from any source
3. Deposit all monies in the name of the Corporation in banks, trust companies, or other depositories
4. Maintain the financial books and records of the Corporation
5. Prepare financial reports at least annually, or on a schedule prescribed by the Board or Council
6. Perform other duties as assigned by the Board
7. Perform all duties incident to the office of treasurer

The Board may from time to time delegate to another party those duties of the treasurer it deems appropriate for delegation.

Sect. 9: Personnel – The Corporation may establish full-time and/or part-time personnel positions. The Council shall first approve personnel positions so created, as well as the salary and other forms of compensation for any such positions.

Sect. 10: Executive Director – The Board may employ or contract for the services of an Executive Director to serve as General Manager and Chief Administrative Officer of the Corporation. The Executive Director shall be subject to the supervision of the Board of Directors and shall perform duties specifically delegated to him by the Board. The Executive Director shall serve as an ex-officio member of the Board and any other committees created by the Board.

ARTICLE VI MEETINGS

Sect. 1: Notice – The Board shall be considered a “governmental body” within the meaning of Texas Government Code, Sect. 551.001, and all meetings, notices of meetings, and deliberations shall be called, convened, held, conducted, and given in accordance with the provisions of Texas Government Code, Chapter 551 (The Texas Open Meetings Act). In addition to the posting of a meeting notice in accordance with these bylaws and the Texas Open Meetings Act, a copy of each regular or annual meeting notice shall be delivered to each Director not less than seventy-two (72) hours before the time of the meeting. A meeting notice may be delivered in person, by mail, fax, or email. A notice by mail shall be deemed delivered when deposited in the United States mail addressed to the director at his/her address as it appears on the records of the Corporation. A director may waive such notice in writing at any time before the time of a meeting. Notices for special meetings will likewise be required and may be issued to directors in person, by mail, fax, or email in accordance with the above-given provisions at least seventy-two (72) hours before the date of the meeting, and shall include who called the meeting and the purpose of the meeting.

Sect. 2: Regular Meetings – The Board shall provide for at least three (3) regular meetings annually. The regular meetings shall be convened and adjourned within the City of Simonton, Texas at the principal office of the Corporation, or at such other locations as the Board may designate so long as

such meetings are likewise convened and adjourned within the City of Simonton, Texas. Annual meetings may count as one of the above-required three (3) meetings.

Sect. 3: Special Meetings – Special meetings of the Board may be called at the request of the president or any three (3) directors. A person or persons calling the meeting shall fix the time, date, and location of the meeting. Special meetings shall be convened and adjourned within the City. The person or persons calling the meeting shall notify the secretary of the Corporation of the information required to be included in the notice of the meeting.

Sect. 4: Annual Meeting – An annual meeting of the Corporation shall be held, and such meeting shall be held during the month of June of each year. The Board shall designate the time and location of the annual meeting.

Sect. 5: Quorum – Four (4) directors shall constitute a quorum for the transaction of business at any meeting of the Board. The presence of a director may not be established by proxy. No business shall be conducted, nor shall any action be taken by the Board, in the absence of a quorum.

Sect. 6: Proxy Voting – A director may not vote by proxy.

Sect. 7: Actions of the Board – The vote of a majority of directors present at a duly-convened meeting at which a quorum is present shall be sufficient to constitute an act of the Board.

ARTICLE VII COMMITTEES

Sect. 1: Authorization – The president may appoint persons to serve on standing or ad hoc committees. A committee's membership shall contain no less than one (1) or more than three (3) directors, and may also include members who are not directors of the Corporation. Committees may be charged with specific duties and/or authority, but shall in no case take any action, or assume any authority not specifically granted to them by the Board. The Board may terminate any committee or remove any member at any time, either with or without cause.

Sect. 2: Term – Members of standing committees shall serve until successors are appointed, the committee is terminated, or a member is removed or resigns. Vacancies will be filled in the same manner as the original appointment

Sect. 3: Rules

- A. Each committee may adopt rules for its operation consistent with the bylaws and any rules adopted by the Board.
- B. In such cases as a committee serves only as an advisory body, it shall not be subject to the Open Meetings Act or Open Records Act. Should the committee be empowered with decision-making authority, or its advice and/or recommendations be deemed tantamount to Board action, it shall then become subject to the Texas Open Meetings Act and the Texas Open Records Act.
- C. Each committee shall keep regular minutes of its meetings and report the same to the Board.

**ARTICLE VIII
FISCAL YEAR**

Sect. 1: The fiscal year of the Corporation shall begin on the first day in October, and end on the last day in September.

**ARTICLE IX
FINANCIAL ADMINISTRATION**

Sect. 1: Investments

- A. Corporate funds shall be deposited and maintained in a manner compliant with the provisions of Chapter 2256, Public Funds Investment Act, of the Texas Government Code.
- B. The Corporation shall adopt an investment policy in compliance with the provisions of Chapter 2256, Public Funds Investment Act, of the Texas Government Code. Such policy shall be approved by the Council. Likewise, any amendments to the policy shall require approval of the Council.

Sect. 2: Checks and Drafts – All checks, drafts, or orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Corporation shall be signed by two (2) original signatures. Authorized signatories shall be the directors of the Corporation; additionally, authorized signatories for checks may include, in addition to the directors, an individual(s) approved by the Board as an authorized signatory(ies) for corporate checks.

Sect. 3: Budget – By August 1st of each year the Corporation shall adopt a proposed annual budget of anticipated revenues and proposed expenditures for the coming fiscal year. The budget shall contain such classifications and be in such a form as may from time to time be prescribed by Council. The Corporation's budget shall be approved by the Council prior to the expenditure of any budgetary funds.

Sect 4: Records and Reports – The Corporation shall at all times maintain financial records of its revenues and expenditures, including receipts of all expenditures made. Additionally, the Corporation shall, within ninety (90) days after the end of its fiscal year, provide the Council with an Annual Statement of Revenues and Expenditures, along with a summary of all its assets.

Sect. 5: Limitation on Expenditures – Council approval will not be required for singular un-budgeted expenditures so long as such singular expenditures do not exceed seven percent (7%) of the Corporation's budgeted revenues for the fiscal year during which such expenditures are made. No purchase of goods or services on behalf of the Corporation shall be made unless previously approved by the Board, or authority has been expressly granted by the Board to make purchase on behalf of the Corporation.

Additionally, singular expenditures in excess of ten thousand dollars (\$10,000.00) shall first be approved by the Council, and such Council approval may only be given after two separate readings of an authorizing resolution by Council.

The President shall be authorized to expend an aggregate amount of up to five hundred dollars (\$500.00) per month without prior Board approval. Such expenditures will be limited to those items included on an approved budget and/or approved project of the Corporation. Additionally, the five hundred dollars (\$500.00) per month discretionary expenditures shall be limited to no more than a total

of one thousand dollars (\$1,000.00) during a fiscal year. At such time as the one thousand dollar (\$1,000.00) limit may be reached, the Board may choose, by official action, to approve granting additional discretionary expenditure authority; such approval will again be subject to the limitations and actions contained above.*

The President shall, at the next Board meeting following any such expenditure(s), inform the Board of expenditures made, their purpose, and where applicable, provide a receipt(s).*

Sect. 6: Bonds – Any bonds issued by the Corporation shall be in accordance with the Act, and shall not be issued without prior approval of the Council. Likewise, the Corporation shall seek and take into consideration the advice of the City's bond counsel and/or financial advisor(s).

Sect. 7: Gifts – The Board may accept on behalf of the Corporation any gift or bequest. Special funds shall be established for any funds from government contracts, grants, or gifts that were designated by the donor for a specific purpose. All other funds shall be general funds.

Sect. 8: Audits – Financial Review - The Corporation shall have a financial review performed annually. Such review shall include at the least a statement of all revenues and expenditures for the Fiscal Year along with an end-of-Fiscal Year financial statement. The financial review shall be performed by a third party independent from the Board of Directors, and such reviewer shall be qualified and experienced to perform a financial review. Each financial review shall be submitted to Council. Further, the Council may, from time to time, require an audit by a Certified Public Accountant or firm, performed in accordance with generally accepted accounting principles (GAAP), and shall include a management letter and opinion statement. **

Sect. 9: Conflicts of Interest – No Board member, officer, or employee of the Corporation or City or member of Council may lend money to, or borrow money from, the Corporation.

ARTICLE X TRANSACTIONS

Sect. 1: Contracts

- A. The Board may, by official action, authorize any officer or agent of the Corporation to enter into a contract, or execute and deliver any instrument in the name of, or on behalf of the Corporation. This authority may be limited to a specific contract or instrument, or it may extend to any number and type of possible contracts and instruments.
- B. The Corporation may contract with the City or other entities or persons for financial, administrative, legal, and other services.

ARTICLE XI BOOKS AND RECORDS

*Added by Amendment 9-26-11

** Added by Amendment 11-28-11

Sect. 1: Required – The Corporation shall keep and properly maintain correct and complete books and records of account. Such books and records shall be kept at City Hall. The Corporation's books and records shall include, but not be limited to, the following:

- A. Copies of all documents filed with the Texas Secretary of State's office, along with originals of all documents received from the Texas Secretary of State's office
- B. A copy of the Corporation's bylaws and any amended versions
- C. Minutes of the proceedings of the Board
- D. Corporate agendas and postings
- E. Books, records, accounts, and financial statements pertaining to corporate funds
- F. Rulings, letters, and other documents relating to the Corporation's federal, state, and local tax status
- G. Any and all contracts or agreements entered into by the Corporation
- H. A current list of names and addresses of the directors, ex-officio directors, and officers of the Corporation
- I. A "Corporate Book" within the meaning of such book

Sect. 2: Inspection – The Corporation shall be considered a "governmental body" within the meaning of the Texas Government Code, and all records of the Corporation shall be made available to the public for inspection or reproduction in accordance with the requirements of the Texas Government Code (Open Records Act).

ARTICLE XII INDEMNIFICATION

Sect. 1: Corporation to Indemnify – The Corporation shall indemnify any current or former director, officer, employee, or agent of the Corporation for expenses and costs, including attorney's fees actually and necessarily incurred by the director, officer, employee, or agent in connection with any claim asserted against the director, officer, employee, or agent by action in court or otherwise, by reason of the person being or having been a director, officer, employee, or agent of the Corporation, except in relation to matters as to which the person shall have been guilty of negligence or misconduct in respect of the matter in which indemnity is sought.

Sect. 2: Insurance – The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or agent of the Corporation to insure such person against any liability asserted against the person by reason of the person being or having been a director, officer, employee, or agent of the Corporation. The premiums for such insurance shall be paid by the Corporation.

ARTICLE XIII MISCELLANEOUS PROVISIONS

Sect. 1: Seal – The Corporation may provide for a corporate seal.

Sect. 2: Parliamentary Authority – Robert’s Rules of Order, the latest version, shall be the parliamentary authority for all matters of procedure not specifically covered by the bylaws, or any specific rules of procedure that may from time to time be adopted by the Board.

Sect. 3: Legal Authority – The bylaws shall be construed in accordance with the laws of the State of Texas. All references in the bylaws to statutes, regulations, or other sources of legal authority shall refer to the authorities cited or their successors, as they may be amended from time to time. It is expressly provided that the provisions of the Development Corporation Act of 1979 applicable to corporations governed under Sec. 4B of that Act are incorporated within these bylaws by inference. In the event of any conflict between the applicable provisions of such Act, State statute, or regulation and these bylaws, the applicable provisions of such Act, State statute, or regulation shall control.

Sect. 4: Legal Construction – If any provision is held to be invalid, illegal, or unenforceable in any respect, the invalidity, illegality, or unenforceability shall not affect other provisions of the bylaws. The bylaws shall be construed as if the invalid, illegal, or unenforceable provision had not been included in the bylaws.

Sect. 5: Headings – The headings used in the bylaws are used for convenience and shall not be considered in construing the terms of the bylaws.

Sect. 6: Amendment – The bylaws may be amended, altered, or repealed by the Council. Additionally, the bylaws may be amended, altered, or repealed by the Board, with the approval of the Council.

Sect. 7: Parties Bound – The bylaws shall be binding upon and inure to the benefit of the directors, officers, employees, and agents of the Corporation and their respective heirs, executors, administrators, legal representatives, successors, and assigns except as otherwise provided in the bylaws.

Sect. 8: Dissolution – Upon dissolution for any reason, all of the Corporation’s assets shall be conveyed to the City after satisfaction of all outstanding obligations of the Corporation.

Sect. 9: Effective Date – These bylaws, and any subsequent amendments hereto, shall be effective on and from the date upon which approval has been given by both the Board and the Council.

CERTIFICATION

This is to certify that the foregoing is a true and correct copy of the bylaws of the Simonton Development Corporation, and that such bylaws were duly approved by the City Council of the City of Simonton, Texas on the date set forth below.

Approved by the City Council of the City of Simonton, Texas on this 21 day of APRIL, 2009.

Attest: 
City Secretary

This is to certify that the foregoing is a true and correct copy of the bylaws of the Simonton Development Corporation, and that such bylaws were duly adopted by the Board of Directors of the Simonton Development Corporation on the date set forth below.

Adopted by the Board of Directors of the Simonton Development Corporation on this 9th day of JUNE, 2009.

Attest: 
Secretary of the Corporation

C6A.P 130014

RESOLUTION NO. 042109B

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SIMONTON, TEXAS
APPROVING THE BYLAWS OF THE SIMONTON DEVELOPMENT CORPORATION.**

WHEREAS, the voters of the City of Simonton, Texas, on November 4th, 2008, did approve the levying of a sales and use tax for economic development under the provisions of Section 4B of the Development Corporation Act of 1979 (the Act), as amended, and

WHEREAS, the Act provides that the City Council establish an economic development corporation to receive and administer the sales and use tax revenues, and

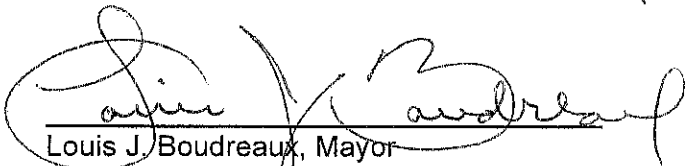
WHEREAS, the City of Simonton has established the Simonton Development Corporation as its 4B economic development corporation, and

WHEREAS, the law requires that the City Council of a city establishing an economic development corporation must approve a set of bylaws for the corporation;

NOW THEREFORE, BE IT RESOLVED:

Section 1. That the City Council of the City of Simonton, Texas does hereby approve the bylaws of the Simonton Development Corporation as attached, and made a part of this Resolution for all purposes.

Signed and approved, this 21 day of APRIL, 2009.



Louis J. Boudreaux, Mayor

Attest:



Joan Robertson, City Secretary