

**BYLAWS OF THE
VAN ALSTYNE ECONOMIC DEVELOPMENT
CORPORATION
(Type A Corporation)**

The bylaws (referred to as the "bylaws") govern the affairs of the Van Alstyne Economic Development Corporation ("VAEDC"), a public instrumentality and a non-profit corporation (hereinafter referred to as the "Corporation") created under Title 12, Subtitle C1 of the Texas Local Government code commonly known as the Development Corporation Act of 1979 (hereinafter referred to as the "Act").

**ARTICLE I. REGISTERED OFFICE AND REGISTERED
AGENT**

The principal office of the corporation shall be located at the designated office of the Van Alstyne Economic Development Corporation. The corporation shall have and continually designate a registered agent at its registered office as required by the Act.

ARTICLE II. PURPOSE AND POWERS

Section 1. Purpose. The corporation is incorporated for the purposes set forth in Article IV of the Articles of Incorporation the same to be accomplished on behalf of the City of Van Alstyne, Texas (the "City") as its duly constituted authority and instrumentality in accordance with the Development Corporation Act of 1979, as amended. The purpose of the VAEDC is to promote, assist, and enhance economic development, including but not limited to, creation of jobs and new wealth in accordance with the Articles of Incorporation and state law.

Section 2. Powers. In the fulfillment of its corporation purpose, the corporation shall be governed by the Act, and shall have all the powers set forth and conferred in its Articles of Incorporation, in the Act and other applicable law, subject to the prescribed limitations.

ARTICLE III. BOARD OF DIRECTORS

Section 1. Powers, Number, and Term 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 the powers of the corporation.
- (b) The board shall consist of at least five (5) and no more than seven (7) directors,

each of whom shall be appointed by and serve at the pleasure of the City Council ("City Council") of the City of Van Alstyne, Texas.

- (c) Each member of the board shall be appointed and shall serve (2) years or until his or her successor is appointed as herein provided. The terms are to be staggered. No member of the board shall serve more than two (2) consecutive terms. If a new board member is appointed to fill a vacancy on an unexpired term and that term has less than one (1) year remaining, it shall not be considered a term.
- (d) At the expiration of a term or when a vacancy occurs, the open position will be advertised and filled according to procedures of the City Council and the Act, as amended.
- (e) By a majority vote of the full board, the board can vote to recommend the removal of a board member to City Council for their consideration.
- (f) Any director may be removed from office by the City Council with or without cause.

Section 2. Meetings of Directors. The directors may hold their meetings at such place or places 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 meeting room at City Hall. Notwithstanding, the City Council may require the board meetings to be held at an easily accessible location.

Section 3. Notice of Meetings.

- (a) Regular meetings of the board shall be held monthly. Special Meetings of the board shall be held whenever called by the President, Secretary, majority of the directors, mayor of the City, or a majority of the City Council. Nothing contained in this Section 3 shall vitiate the notice requirements contained in this Section 5 hereafter.
- (b) Meeting notices (agendas) shall be posted at least seventy-two (72) hours before the meeting. Any board member may submit items to be included on the Agenda. No one member may remove an item from the Agenda without the consent of the board. Meeting notices will be sent to board members electronically.

Section 4. Board Attendance. Unless special consideration is granted by the board to accommodate directors who are temporarily inactive for good cause, the City Council shall be

advised of and may remove any director who is absent from three (3) consecutive regular meetings of the board.

Section 5. 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. All board members must attend training, either in person or online, on the Texas Open Meetings Act and Public Information Act, Local Government Code Section 552.012, and received certification every two (2) years.

Section 6. Quorum. A majority of the entire membership of the board constitutes 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 the corporation, unless the act of a greater number is required by law or these bylaws.

Section 7. Conduct of Business.

- (a) At the meetings of the board, the Agenda will be followed as posted.
- (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, or his designee, 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.

Section 8. Committees of the Board. The board may create committees as needed. Each committee shall be composed of no more than two (2) members and such other persons as may be chosen by the board for their applicable abilities and expertise. Each committee 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. Findings of the committee must be brought before the board for discussion and/or action. All official actions of the corporation must be exercised only by the board.

Section 9. Compensation of Board Members. Directors shall not receive any salary or compensation for their services as board members. However, they shall be reimbursed for their actual expenses incurred in the performance of their duties hereunder.

Section 10. Board Members Responsibilities. The board has a responsibility to support the City Council, management and staff and ensure operations run smoothly and in accordance

with the law. Board members should conduct themselves in such a manner that would enhance the corporation's public standing.

Section 11. Ex-Officio Members. The city manager or his designee from the City Council may attend all public and executive meetings of the board of directors or committees. The representative shall not have the power to vote in the meetings attended; however, said representative shall have the right to take part in any discussion.

Section 12. Legal Responsibilities of the Board. The board must oversee the corporation's operations and make sure that its staff and volunteers act legally and ethically.

- (a) Duty of Care:
- (b) A board member must exercise reasonable care when he or she makes a decision for the organization. Reasonable care is what an "ordinarily prudent" person in a similar situation would do.
- (c) Duty of Loyalty:
- (d) A board member must never use information gained through his/her position for personal gain and must always act in the best interests of the organization. board members must avoid conflicts of interest or the appearance of conflicts of interest.
- (e) Duty of Obedience:
- (f) A board member must be faithful to the corporation's mission. He or she cannot act in a way that is inconsistent with the corporation's goals.

Section 13. Code of Ethics.

- (a) A board member must adhere to a standard of professional conduct that reflects our commitment to excellence, advances the interests of the citizenry we serve, and enhance the reputation of the corporation.
- (b) A board member must make agreements and commitments in a fair, honest, and straightforward manner, acting in good faith to avoid actual and apparent conflicts of interest, and refusing to accept inducements designed to improperly influence our decisions or the decisions of those we serve.
- (c) A board member must respect the ownership and confidentiality of information received during the course of our duties, realizing that proprietary information may be disclosed only with the expressed permission of the owner of the information, and should never be used for personal gain.

- (d) A board member must act in good faith to assure that specific economic development projects, practices, and procedures will be carried out with the due consideration for human and natural resources.

Section 14. Conflicts of Interest. The corporation shall not make a loan to a board member, Officer, or employee of the corporation or member of the City Council. No officer or employee of the corporation shall have a financial interest, direct or indirect, in any contract with the corporation to the extent prohibited by Chapter 171 of the Texas Local Government Code, or shall be financially interested, directly or indirectly, in the sale of the corporation of any land, materials, supplies, or service where such financial interest is prohibited by state law. Any willful violation of this section shall constitute malfeasance in the office, and any officer or employee guilty thereof shall there by forfeit his or her office or position. Any violation of this section, with the knowledge, express or implied, of the person or corporation contracting with the corporation, shall render the contract involved voidable by the City Council.

Section 15. Nepotism. No person related within the second degree by affinity or the third degree by consanguinity to any member of the board or any officer of the corporation shall be appointed to any paid office, position, clerkship, or other position of service to the corporation.

Section 16. Prohibited Acts. As long as the corporation is in existence, no board member or officer of the corporation shall:

- (a) Do any act in violation of these bylaws or a binding obligation of the corporation
- (b) Do any act with the intention of harming the corporation or any of its operations
- (c) Do any act that would make it impossible or unnecessarily difficult to carry on the intended or ordinary business of the corporation
- (d) Receive an illegal personal or business benefit from the operation of the corporation
- (e) Use the assets of the corporation, directly or indirectly, for any purpose other than carrying on the business of the corporation
- (f) Wrongfully transfer or dispose of corporation property, including intangible property such as good will
- (g) Use the name of the corporation (or any substantially similar name) or any trademark or trade name adopted by the corporation, except on behalf of the corporation in the ordinary course of the corporation's business

- (h) disclose any of the corporation's privileged business information, trade secrets, or other confidential information to any persons not authorized to receive such information
- (i) Commit corporation funds without the prior approval of the board of directors.
- (j) Further, the corporation shall not have the power to own or operate any project as a business other than as lessor, seller, or lender pursuant to the requirements of any trust agreement securing the credit transaction. Accordingly, the user pursuant to any lease, sale, or loan agreement relating to a project shall be the owners of the project for the application of any ad valorem, sales and use taxes and other taxes levied or imposed by the state or any political subdivision of the state. The purchase and holding of mortgages deeds of trust or other security interests and contracting for any servicing thereof shall not be deemed an operation of project.

Section 17. Complaints. Complaints made against a board member or an employee of the corporation shall be addressed in writing to the president, or if a complaint is against the President, then to the Vice-President. The Board (excluding any member who is personally involved in the complaint) will then, with the advice of the VAEDC attorney, determine a course of action for handling the complaint, including:

- (a) Determine that the complaint does not warrant further action. If a Board member who reported the complaint is not satisfied with that decision, he/she may submit the written complaint to the City Council for further consideration.
- (b) Mediate between the Board member(s) who reported the complaint and the alleged violator(s), with an outcome agreeable to all parties.

ARTICLE IV. OFFICERS

Section 1. Titles and Terms of Office.

- (a) The board will elect its own officers. Tenure with the board is desirable before holding office. The elected officers of the corporation shall be a President, Vice President, Secretary 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 the office shall be one (1) year with the right of an officer to be reelected. If an officer is elected to fill a vacancy created by an officer leaving prior to their term ending, the newly elected

officer may remain in that office without a new election if their service time in that role is less than six (6) months.

- (b) All officers 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 the majority of the board.

Section 2. President. The President shall be the presiding officer of the board; the President shall sign, and the Secretary or his/her designate shall attest to any deed, mortgage, bonds, contracts, or other instruments which the board of directors has approved unless the execution of said document has been expressly delegated to some other officer or agent of the corporation by appropriate board vote by a specific provision of these bylaws, or by statutes. In general, the President shall perform all duties incident to the office, and such other duties as shall be prescribed from time to time by the board of directors.

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 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. Secretary. The Secretary shall keep the minutes of all meetings of the board in books provided for that purpose, shall file a copy at the office of registered agent, shall give and serve all notices, may sign with the President in the name of the corporation and/or attest the signature thereto, all contracts, conveyances, franchises, bonds, deeds, assignments, mortgages, notes and other instruments, and shall in general perform all duties incident to the office of Secretary subject to the control of the board, in accordance with the Texas Open Meetings Act or Texas Public Information Act, or other applicable law.

Section 5. Personnel. The corporation may employ such full or part-time employees as needed to carry out the programs of the corporation. These employees shall perform those duties as are assigned to them by the board. The board shall hire, fire, direct, and control the work of all corporation employees.

ARTICLE V. FUNCTIONAL CORPORATION DUTIES AND REQUIREMENTS

Section 1. Fiscal Year. The fiscal year of the corporation shall begin on October 1 and end on September 30 of the following year.

Section 2. Use of Sales Tax Proceeds. The Type A tax is generally considered the more restrictive of the two taxes (Type A vs. Type B) in terms of authorized types of expenditures. The types of projects permitted under Type A include the more traditional types of economic development initiatives that facilitate manufacturing and industrial activity which improve the community's economic wellbeing.

Section 501.101 of the Act specifically allows funding for the land, buildings, equipment, facilities, expenditures, targeted infrastructure, and improvements that are for the creation or retention of primary jobs that are found by the board of directors of the Type A corporation to be required or suitable for the development, retention, or expansion of the projects as prescribed by the State of Texas for Economic Development Corporations.

Section 3. Annual Corporation Budget. At least sixty (60) days prior to the commencement of each fiscal year of the corporation, the board shall adopt a proposed budget of expected revenues and proposed expenditures for the next ensuing fiscal year. After the board approves the budget, it will be presented to City Council for its approval. The budget shall not be effective until the same has been approved by the City Council.

Section 4. Books, Records, Audits. The corporation shall keep correct and complete books and records of all actions of the corporation, including books and records of account and the minutes of meetings of the board of directors and of any committee having any authority of the board and to the City Council. All books and records of the corporation may be inspected by the board of the corporation, and any information which may be designated as public information by law shall be open to public inspection at any reasonable time. The Texas Open Records Act and Open Meetings Act shall apply to disclosure of public information. The City shall have access to all financial records upon request. The board of directors shall provide for an annual financial audit to be performed by a competent independent audit firm.

Section 5. Deposits. All funds of the Van Alstyne Economic Development Corporation shall be deposited on a regular basis to the credit of the corporation in a local bank which shall be federally insured.

Section 6. Investments. Temporary and idle funds which are not needed for immediate obligations of the corporation may be invested in any legal manner as set forth in applicable

State Law.

Section 7. Bonds. Any bonds issued by the corporation shall be in accordance with the statute governing this corporation, but, in any event, no bonds shall be issued without approval of the City Council.

Section 8. Limitations on Expenditures. The corporation shall spend no more than ten percent (10%) of corporate revenues for promotional purposes and may contract with others to carry out industrial development programs consistent with the purposes and duties as set out in these bylaws and as set out in the Act. The City Council may oversee expenditures in any manner authorized by the Act.

Section 9. Contributions. The board of directors may accept on behalf of the corporation any contribution, grant, or bequest to be used for the general purposes of or for any special purpose of the corporation. Special funds shall include all funds from government contracts and contributions designated by a donor for special purposes. All other funds shall be general funds.

ARTICLE VI. MISCELLANEOUS PROVISIONS

Section 1. Seal. The seal of the corporation shall be determined by the board.

Section 2. 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.

Section 3. 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 approval, or advice and consent, shall be evidenced by a certified copy of a resolution, order, or motion duly adopted by the Council.

Section 4. Indemnification of Directors, Officer 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 each member of the board, its officers and employees and each member of the City Council and each employee of the City, fully permitted by law, against all liability or expenses, including attorney's fees,

incurred by any of each person because of any actions or omissions that may arise out of the functions and activities of the corporation. This indemnity shall apply even if one or more of those to be indemnified was negligent or negligently caused or contributed to cause any loss, claim action or suit.

- (c) Specifically, it is the intent of the bylaws and the corporation to require the corporation to indemnify those names for indemnification, even for the consequences of the negligence of those to be indemnified which caused or contributed to cause any liability. There shall be no indemnification by the corporation for any criminal acts.
- (d) The corporation must purchase and maintain insurance on behalf of the corporation, its directors, officers, employees, or agents of the corporation, against any liability asserted against that person and or incurred by that person in any such capacity or arising out of any such status regarding the corporation, whether or not the corporation has the power to indemnify that person against liability for any of those acts.

Section 5. Parliamentary Authority. Robert's Rules of Order, Newly Revised, shall be the parliamentary authority for all matters of procedure not specifically covered by the bylaws or any specific rules of procedure adopted by the board. In the event of a conflict between Robert's Rules of Order and these bylaws, the provisions of the bylaws shall prevail.

Section 6. Legal Construction. If any Bylaw provision is held to be invalid, illegal or unenforceable in any respect, the invalidity, illegality or unenforceability shall not affect any other provision and the bylaws shall be construed as if the invalid, illegal or unenforceable provision had not been included in the bylaws.

ARTICLE VII. EFFECTIVE DATE, AMENDMENTS

Section 1. Effective Date. These bylaws shall become effective upon the occurrence of the following events:

- (a) the adoption of these bylaws by the board; and
- (b) the approval of these bylaws by the City Council

Section 2. Amendment to Articles of Incorporation and Bylaws. The Articles of the Incorporation of the corporation and these bylaws may be amended only in the manner

provided in the Articles of Incorporation and the Act. The bylaws may be amended, altered, or repealed by an affirmative vote of three board members but such amendment, alteration, or repeal shall not be effective until approved by a majority vote of the entire Council.

Section 3. Dissolution of the Corporation. The corporation is a non-profit corporation. Upon dissolution of the corporation, titles to or other interest in any real or personal property owned by the corporation at such time shall vest in the City of Van Alstyne.

Amended on this 7th day of April, 2020, by resolution passed by the Van Alstyne Economic Development Corporation, David Sileven, Mark Moss, Laura Cooper, Gregg McElyea, and Keith Arsenault.

APPROVED AND ADOPTED by the City Council of the City of Van Alstyne, Texas on this 14th day of April, 2020.

Attest:

Steve Riley, Mayor

Jennifer Gould, City Clerk