

BYLAWS
OF

GONZALES ECONOMIC DEVELOPMENT CORPORATION
A NON-PROFIT CORPORATION

GONZALES, TEXAS

These Bylaws (referred to as the “Bylaws”) govern the affairs of the Gonzales Economic Development Corporation, a public instrumentality and a non-profit corporation (hereinafter referred to as the “Corporation”) created under section 4B of the Development Corporation act of 1979, Article 5190.6 of the Revised Civil Statutes of Texas (hereinafter referred to as the “Act”).

SECTION I
OFFICES

1.01 Registered Office and Registered 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 agent and/or the address of the registered office, provided that proper notification of such change is given to the Office of the Secretary of State of Texas.

The registered office of the Corporation is located at 820 St. Joseph Street, Gonzales, Texas 78629 and at such address is the Corporation, whose mailing address is P.O. Box 547, Gonzales, Texas 78629.

1.02 Principal Office

The principal office of the Corporation in the State of Texas shall be located in the City of Gonzales, County of Gonzales, and it may be, but need not be, identical with the registered office of the Corporation.

SECTION II

PURPOSE

2.01 Purposes

The Corporation is a non-profit corporation specifically governed by Section 4B of the Texas Development Corporation Act of 1979. Tex. Rev. Civ. Ann. Art. 5190.6, as amended. The Corporation is organized exclusively for the purpose of benefiting and accomplishing public purposes of the City of Gonzales, Texas by promoting economic development within the City and the State of Texas in order to encourage and enhance employment and the public welfare of, for, and on behalf of the City, in the manner and to the purposes authorized by Section 4B of the Act, including, but not limited to, such projects as promotion and development of new and expanded business enterprises, job training centers, infrastructure improvements, public safety, municipal buildings, civic centers, recreation facilities and other related facilities.

The Corporation shall have no power to take any action that would be inconsistent with the requirements for exemption from federal tax as a non-profit corporation under Section 501 (c) (4) of the Internal Revenue Code or such other applicable Section. The Corporation shall not attempt to influence legislation or participate in any political campaign on behalf of or in opposition to any candidate for public office.

SECTION III

MEMBERS

3.01 Members

The Corporation shall have no members and is a non-stock corporation.

SECTION IV

BOARD OF DIRECTORS

4.01 Board of Directors

The business and affairs of the Corporation and all corporate powers shall be exercised by or under authority of the Board of Directors (the "Board") appointed by the governing body of the City of Gonzales ("The City") and subject to applicable limitations imposed by the Texas Business Corporation Act, the Development Corporation Act of 1979, the Articles of Incorporation, or these Bylaws. The Board may, by contract, resolution, or otherwise, give

general or limited or special power and authority to the officers and employees of the Corporation to transact the general business or any special business of the Corporation, and may give powers of attorney to agents of the Corporation to transact any special business requiring such authorization.

4.02 Number and Qualifications

The authorized number of Directors of this Board shall be seven (7) in accordance with the Development Corporation Act of 1979 Article 5190.6, as amended.

The City Council shall appoint the Directors of the Corporation. The number of Directors shall be seven (7). All appointed members of the Board shall be a resident of the City of Gonzales or a resident of Gonzales County in which the major part of the area of the city is located.

The City Council shall consider an individual's experience, accomplishments, and educational background in appointing members to the Board to ensure that the interests and concerns of all segments of the community are conserved. All appointed members of the Board shall be residents of the City of Gonzales or Gonzales County.

Each new member of the Board of Directors of the Gonzales Economic Development Corporation shall attend 4A/4B Sales Tax Training seminar regarding the operation of a corporation created under the Development Corporation Act of 1979 (Article 519.6, Vernon's Texas Civil Statutes) within the first year of office. The Gonzales Economic Development Corporation Board will determine after each Legislative Session which Board Members shall attend 4A/4B Sales Tax Training provided there are changes in the Development Corporation Act of 1979.

Approved by Gonzales Economic Development Corporation – 05/10/04

Approved by city Council – 06/07/04

The City Council shall consider an individual's experience, accomplishments, and educational background in appointing members to the Board to ensure that the interests and concerns of all segments of the community are considered. All appointed members of the Board shall be residents of the City of Gonzales or Gonzales County.

Approved by GEDC 04/14/03

Approved by Council 05/05/03

4.03 Bonds

~~Each member of the Board of Directors shall give an official bond in the sum of not less than Seventy Five Thousand and NO/100 Dollars (\$75,000). The bonds referred in this section shall be considered for the faithful accounting of all monies and things of value coming into the hands of such directors. The bonds shall be procured from some regularly accredited surety company authorized to do business in the State. The premiums thereafter shall be paid by the Corporation. A copy of each Director's bond shall be filed with the City Secretary.~~

Approved by Gonzales Economic Development Corporation 25 April 2011

Approved by Gonzales City Council 3 May 2011

4.04 General Duties of the Board

The Board is hereby required to perform the following duties:

1. The board shall develop or cause to be developed, an economic development plan for the City that shall include and set forth short and long term goals that the Board deems necessary to accomplish in compliance with its economic development plan. Such plan shall be approved by the City Council of the City of Gonzales. The economic development plan developed by the Board shall be one that includes the following elements:
 - a. An economic development strategy to permanently bolster the business climate throughout the City.
 - b. Strategies to fully utilize the assets of the City that enhance economic development.
 - c. Identification of strategies to coordinate public, private and academic resources to develop and enhance business opportunities for all citizens of Gonzales.
 - d. Assurance of accountability of all tax money and all other funds received and expended by the corporation for its implementation of an economic development plan.
 - e. Provisions for identification and implementation of identified strategies for direct economic development as defined in this Section.
 - f. An annual work plan outlining the anticipated activities, tasks, projects, and programs to be undertaken by the Board during the upcoming fiscal year. The annual work plan shall be submitted with the annual budget as outlined in Article 8.02 of these Bylaws.
2. The Board shall review and update its economic development plan at least once each year to ensure that said plan is up to date with the current economic climate and is capable of meeting Gonzales' current economic development needs.
3. The Board shall expend, in accordance with State law, the tax funds received by it on direct economic development where such expenditures will have a direct benefit to the Citizens of Gonzales.

As used in this article, "direct economic development: shall mean the expenditure of such tax funds for programs that directly accomplish or aid in the accomplishment of creating identifiable new jobs or retaining identifiable existing jobs including job training and/or planning and research activities necessary to promote said job creation. The Corporation's focus will be primarily in the areas of:

- a. Business Development
- b. Work Force Development
- c. Infrastructure Development
- d. Facility Development

4. The Corporation may, with approval of the city council, contract with the City of Gonzales, or with another entity for administrative services. The Board may plan and direct its work through a designated employee of the City of Gonzales, or other contractual entity, who will be charged with the responsibility of carrying out the Corporation's plan and program as adopted by the Board.
5. The Gonzales Economic Development Corporation shall make reports to the City Council of the City of Gonzales. The Gonzales Economic Development Corporation shall discharge this requirement by reporting to the City Council in the following manner:
 - a. The Gonzales Economic Development Corporation shall make a detailed report to the City Council once each year, no later than November 30 of each year. Such report shall include, but shall not be limited to, the following:
 1. A review of all expenditures made by the Board in connection with their activities involving direct economic development as defined in this article, together with a report of all other expenditures made by the Board.
 2. A review of the accomplishments of the Board in the area of direct economic development.
 3. The policies and strategy followed by the Board in relation to direct economic development together with any new or proposed changes in said policies and strategy.
 4. A review of the activities of the Board in areas of endeavor other than direct economic development together with any proposed changes in such activities.
 5. A review of the activities of the Board in areas of endeavor other than direct economic development together with any proposed changes in such activities.
 - b. The Board shall be regularly accountable to the City Council for all activities undertaken by them or on their behalf, and shall report on all activities of the Board, whether discharged directly by the Board or by any person, firm, corporation, agency, association or other entity on behalf of the Board.

4.05 Duties of Directors

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 that are not unlawful. In all other instances, the Board of Directors shall not take any action that they should reasonably believe would be opposed to the Corporation's best interest or would be unlawful. A director shall not be liable if, in the exercise of ordinary care, the director acts in good faith relying on written financial and legal statements provided by an accountant or attorney retained by the Corporation.

4.06 Terms of Office

The Board of Directors shall consist of seven (7) directors who are appointed by the Mayor and City Council for two-year terms of office. No member of the Board shall serve more than three (3) consecutive full terms. After one year after the expiration of a Director's term of

office a director may be re-appointed. Directors shall serve at the pleasure of the Mayor and City Council and shall be removable at any time.

4.07 Vacancies

Any vacancy occurring shall be filled by the appointment by the City Council to serve the remainder of an unexpired term. Appointments to fill unexpired terms shall not be credited against the three-year limit.

4.08 Meetings

The Board of Directors shall meet at least six (6) times annually at a place and time to be determined by the Chairman of the Board. All meetings of the Board shall provide notice thereof as provided and set forth in Vernon's Texas Code Annotated Government Code Section 551.001. Any member of the Board may request that an item be placed on the agenda by delivering the same in writing to the secretary of the Board no later than ten (10) days prior to the date of the Board meeting. The Chairman of the Board shall set regular meeting dates and times at the beginning of the Chairman of the Board's term.

Notice of any meeting shall be given to the public in accordance with the requirements of the Texas Open Meetings Act. The notice shall contain information regarding the particular time, date and location of the meetings and the agenda to be considered. All meetings shall be conducted in accordance with the Texas Open Meetings Act. All meetings shall be held within the City Limits of Gonzales.

The annual meeting of the Board of Directors shall be held in September of each year.

4.09 Special Meetings

Special Meetings of the Board of Directors may be called by the Chairman of the Board on three (3) days notice to each director, in person, by mail or telephone, or upon written request of three (3) directors. Any notice of a special meeting shall include the purpose of the meeting and the business to be addressed shall be specified in the meeting notice. Should a director's request for a special meeting be submitted to the Chairman of the Board or Secretary by three (3) Directors, the Chairman of the Board shall determine and notify all directors of the date, time and place of the special meeting within ten (10) days of the receipt of the director's request.

4.10 Attendance

Regular attendance of the Board meetings is required of all members. The following number of absences shall constitute the need for replacement of a member: three (3) consecutive absences, or attendance reflecting absences constituting 50% of the meetings over a 12-month period. In the event replacement is indicated, the member will be counseled by the Chairman of the Board and, subsequently the Chairman of the Board shall submit in writing to the City Secretary the need to replace the Board member in question.

4.11 Quorum

For the purpose of convening a meeting, a simple majority of the appointed number of appointed Directors then serving on the Board shall constitute a quorum. For purposes of

transacting the business of the Corporation at any meeting a simple majority of the appointed Directors shall constitute a quorum. If there is an insufficient number of Directors present to convene the meeting, the Directors present thereat may recess the meeting from time to time, without notice other than announced at the meeting, until a quorum shall be present.

4.12 Compensation

THE DULY APPOINTED MEMBERS OF THE BOARD SHALL NOT RECEIVE A SALARY OR COMPENSATION, but shall be reimbursed for actual or commensurate cost of travel, lodging, and incidental expenses while on official business of the Board in accordance with State Law.

4.13 Voting; Action of the Board of Directors

Directors must be present in order to vote at any meeting. Unless otherwise provided in these Bylaws or in the Articles of Incorporation or as required by law, the act of a simple majority of the Directors present at any meeting for which a quorum is present shall be the act of the Board of Directors. In the event that a Director is aware of a conflict of interest or potential conflict of interest, with regard to any particular vote, the Director shall bring the same to the attention of the meeting and shall abstain from the vote, unless the Board determines that no conflict of interest exists. Any Director may bring to the attention of the meeting any apparent conflict of interest or potential conflict of interest of any other Director, in which case the Board shall determine whether a true conflict of interest exists before any vote shall be taken regarding that particular matter. The Director as to whom a question of interest has been raised shall refrain from voting with regard to the determination as to whether a true conflict exists.

4.14 Board's Relationship with city Council

In accordance with State Law, the City Council shall require that the Gonzales Economic Development Corporation be responsible to it for the proper discharge of its duties assigned in this article. All policies for program administration shall be submitted for Council approval, and the Board shall administer said programs accordingly. The Board shall determine its policies and direction within the limitations of the duties herein imposed by applicable laws, the Articles of Incorporation, these Bylaws, contracts entered into with the City, and budget and fiduciary responsibilities.

4.15 Board's Relationship with Administrative Departments of the city

Subject to the paramount authority of the City Manager under the Charter of the City, the Corporation shall have the right to utilize the services of the City Legal Advisor, the City Secretary, and staff and employees of the Economic Development Department and Finance Department of the City provided the performance of such services does not materially interfere with other duties of such personnel of the City.

SECTION V
OFFICERS

5.01 Officers of the Corporation

The elected officers of the Corporation shall be elected from the Board of Directors. The officers shall be Chairman of the Board, Vice Chairman of the Board, Secretary and Treasurer.

5.02 Selection of Officers

The initial Chairman of the Board and Vice Chairman of the Board shall be elected by the Board and shall serve a term of one (1) year. On the expiration of the term of office of the original Chairman of the Board and Vice Chairman of the Board, the Board shall select from among its members individuals to hold such office. The term of office of the Chairman of the Board and Vice Chairman of the Board shall always be for a period of one year; provided, however, that the Chairman of the Board and Vice Chairman of the Board continue to serve until the election of their successors.

The Secretary and Treasurer shall be selected by the members of the Board and shall hold office for a period of one (1) year; provided, however that the Secretary and Treasurer shall continue to serve until the election of their successors. Elections shall be held at the annual meeting of the Board.

5.03 Vacancies

Vacancies in any office which occur by reason of death, resignation, disqualification, removal or otherwise, may be filled by the Board of Directors for the unexpired portion of the term of that officer, in the same manner as other officers are elected. Any officer elected or appointed by the board may be removed at any time by the affirmative vote of a majority of the entire Board.

5.04 Chairman of the Board

The Chairman of the Board shall be the presiding officer of the Board with the following authority:

1. Chairman of the Board shall preside over all meetings of the Board.
2. Chairman of the Board shall have the right to vote on all matters coming before the Board.
3. Chairman of the Board shall have the authority, upon notice to the members of the Board, to call a special meeting of the Board when in his or her judgment such meeting is required.
4. Chairman of the Board shall have the authority to appoint standing committees to aid and assist the Board in its business undertakings or other matters incidental to the operation and functions of the Board.

5. Chairman of the Board shall have the authority to appoint ad hoc committees which may address issues of a temporary nature of concern or which have a temporary effect on the business of the Board.
6. Chairman of the Board shall have the authority to cancel a regularly scheduled meeting of the Board when there is no business to discuss provided the Chairman of the Board gives notice to Board Members and the public of the cancellation no later than 72 hours prior to the regularly scheduled meeting.

In addition to the above mentioned duties, the Chairman of the Board shall sign with the Secretary of the Board any deed, mortgage, bonds, contracts, or other instruments which the Board of Directors has approved and unless the execution of said document has been expressly delegated to some other officer or agent of the Corporation by the appropriate Board resolution, by a specific provision of these Bylaws, or by statute. In general, the Chairman of the Board 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.

5.05 Vice Chairman of the Board

In the absence of the Chairman of the Board, or in the event of the Chairman of the Board's inability to act, the Vice Chairman of the Board shall perform the duties of the Chairman of the Board. When so acting, the Vice Chairman of the Board shall have all powers of and be subject to all the same restrictions as upon the Chairman of the Board. The Vice Chairman of the Board shall also perform other duties as from time to time may be assigned to the Vice Chairman of the Board by the Chairman of the Board.

5.06 Secretary

The Secretary shall record and keep or cause to be recorded and kept at the registered office a record of the minutes of all meetings of the Board and of any committees of the Board. The Secretary shall also file a copy of said Minutes with the City Secretary and the same to be given, in accordance with the provisions of these Bylaws, or as required by the Texas Open Meetings Act or the Texas Open Records Act or other applicable law. The secretary shall be custodian of the Corporate records and seal of the Corporation, and shall keep a register of all the mailing addresses and street addresses, if different, of each director.

5.07 Treasurer

The Treasurer shall perform such duties as are usually incumbent upon such office. The treasurer shall see that proper and accurate accounts are kept of the financial condition of the Corporation and that proper books are maintained for their orderly entry. The Treasurer shall insure that the financial policies adopted by the Board are duly followed and that an independent audit is made of the accounts of the Corporation at the end of each fiscal year. The Treasurer shall report the financial condition of the Corporation at each regular meeting of the Board and City Council from time to time for approval, and shall perform any other duties the Chairman of the Board assigns from time to time.

5.08 Employees

The Corporation may, with approval of the City Council, Contract with the City of Gonzales, or with another entity or individual, for such full or part time employees as needed to carry out the programs of the Corporation. These employees shall perform those duties outlined in the contract and assigned to them by the Board.

5.09 Contracts for Services

The Corporation may contract with any qualified and appropriate person, association, corporation or governmental entity to perform and discharge designated tasks which will aid or assist the Board in the performance of its duties. However, no such contract shall ever be approved or entered into which seeks or attempts to divest the Board of Directors of its discretion and policy making functions in discharging the duties herein above set forth in this section.

SECTION VI

EX-OFFICIO DIRECTORS

6.01 Ex-officio Directors

The Mayor, or his or her designee, and the City Manager, or his or her designee, may attend all meetings of the Board of Directors or Committees including Executive Sessions. The Board of Directors shall request that the Gonzales County Judge, or his or her designee, the Chairman of the Board of the Gonzales Chamber of Commerce and Agriculture, or his or her designee, and the Chairman of the Board of the Gonzales Area Development Corporation, or his or her designee, or any other designees of entities which may from time to time be determined may attend all public meetings of the Board of Directors or Committees. These representatives shall not have the power to vote in the meetings they attend. Their attendance shall be for the purposes of ensuring that information about the public meetings is accurately communicated to the City Council, the County Government, the Chamber, and to promote cooperation achieving the goals and objectives of economic development for the Gonzales area and community.

SECTION VII

COMMITTEES

7.01 Committees Authorized

The Chairman of the Board shall have the authority to appoint standing and ad hoc committees from time to time. Committee members need not be Directors of the Corporation, unless required by these Bylaws or Board Resolution.

The designation and appointment of any such committee and delegation to that committee of authority shall not operate to relieve the Board of Directors, or any individual director of any responsibility imposed by the Bylaws or otherwise imposed on it or on him or her by law. No committee shall have independent authority to act or instead of the Board of Directors to:

- a. Amend the Articles of Incorporation.
- b. Adopt a plan of merger or plan of consolidation with another corporation.
- c. Authorize the sale, lease, exchange or mortgage of any of the property and assets of the Corporation.
- d. Authorize the voluntary dissolution of the corporation.
- e. Revoke proceedings for the voluntary dissolution of the corporation.
- f. Adopt a plan for the distribution of the Assets of the Corporation.
- g. Amend, alter, or repeal the Bylaws
- h. Elect, appoint or remove a member of a committee or director or officer of the corporation.
- i. Approve any transaction to which the Corporation is a party or undertake any action that involves a potential conflict of interest as defined.
- j. Take any action outside the scope of authority delegated to it by the Board of Directors
- k. Take final action on a matter that requires the approval of the Board of Directors.
- l. Commit Corporation funds without the prior approval of the Board of Directors.
- m. Undertake any other matters appropriate to the authority of the Board of Directors.

7.02 Term of Office of Committee Members

Each member of a committee shall continue as such until the next annual appointment of the Board of Directors and until his or her successor on the committee is appointed, unless the committee shall be sooner terminated or unless such member has ceased to serve on the Board of Directors, or unless such member be removed from such committee.

Any committee member may be removed from committee membership by the Chairman of the Board, with Board approval, whenever in their judgment the best interests of the Corporation would be served by such removal.

7.03 Vacancies on Committees

Vacancies in the membership of any committee may be filled in the same manner as provided with regard to the original appointments to that committee.

SECTION VIII

FINANCIAL ADMINISTRATION

The Corporation may, with approval of the City Council, contract, with the City, or with another entity, for financial and accounting services including an annual audited financial

statement of all funds. The Corporation's financing and accounting records shall be maintained according to the following guidelines:

8.01 Fiscal Year

The fiscal year of the Corporation shall run concurrently with the city of Gonzales the first day of October and ending the last day in September each year.

Approved by Gonzales Economic Development Corporation: 28 October 2013

Approved by Gonzales City Council: 4 November 2013

8.02 Budget

At least forty-five (45) days prior to the commencement of each fiscal year of the Corporation, the Board of Directors shall adopt a proposed budget of expected revenues and proposed expenditures for 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.

8.03 Contracts

As provided in Section V above, the Chairman of the Board and Secretary shall execute any contacts or other instruments which the Board had approved and authorized to be executed, provided, however, that the Board may by appropriate resolution, authorize any other officer or officers or any other agent or agents as provided herein to enter into contracts or execute and deliver any instrument in the name of the Board on specific instances or defined in general terms.

8.04 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 approved by the Board, except that the City or other contractual entity approved by the City Council providing administrative or financial services shall have the authority to execute checks for the daily operation of the corporation's program without prior board approval in amounts agreed to by the Board and on such other terms and provisions contained in the agreement between the Board and the entity providing administrative or financial services. In the event the City is the contractual entity providing financial or administrative services to the Corporation, any checks the City is authorized to sign on behalf of the Corporation must be signed by two of the following four: City Manager, City Finance Director, the Mayor or the City Secretary.

8.05 Limitation on Expenditures

The Corporation shall not make any commitment for dispersal of any funds for any one project in excess of \$50,000.00 without prior approval of the City council.

8.06 Deposits

All funds of the Gonzales 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 and

shall be selected following procedures and requirements for selecting a depository as set forth in the Chapter 105 of the Local Government Code.

8.07 Gifts

The Gonzales Economic Development Corporation may accept on behalf of the Corporation any contribution, gift, bequest, or devise for the general purpose or for any special purposes of the Corporation.

8.08 Purchasing

All purchases made and contracts executed by the Corporation shall be made in accordance with the requirements of the Texas Constitution and Statutes of the State of Texas.

8.09 Investments

Temporary and idle funds which are not needed for immediate obligations of the Corporation may be invested in a legal manner provided in Tex. Rev. Civ. Stat. Ann. Art. 842a-2 (Public Funds Investment Act).

8.10 Bonds

Any bonds issued by the Corporation shall be in accordance with the statute governing this Corporation but in an event, no bonds shall be issued without approval of the Gonzales City Council after review and comment by the City's bond counsel and financial advisor.

8.11 Uncommitted Funds

Any uncommitted funds of the Corporation at the end of the fiscal year shall be considered a part of the Fund Balance.

The undesignated Fund Balance may be committed for any legal purpose provided the Corporation's Board of Directors and the City Council both approve such commitment. This may include the establishment of a Permanent Reserve Fund which shall be accumulated for the purpose of using the interest earnings of such fund to finance the operation of the corporation.

8.12 Monthly Reports

The City financial office or any other contractual entity providing financial services to the Corporation will provide to the Board of Directors a monthly report of all matters required, permitted or done pursuant to Sections 8.03 through 8.09 above or as by contract.

8.13 Annual Audit

An annual audit will be performed. The audit is to be conducted by an outside independent, certified public accounting firm selected by the City Council. Any such audit shall be performed in accordance with general accepted accounting procedures (GAAP). Each audit shall be prepared and submitted annually to the City Council of the City of Gonzales, Texas, for approval within one hundred twenty (120) days following the end of each year of the corporation's fiscal year.

8.14 Potential Conflicts of Interest

The Corporation shall not make a loan to a director or officer of the Corporation. A director, officer or committee member of the Corporation may lend money to and otherwise transact business with the Corporation except as otherwise provided by the Bylaws, Articles of Incorporation and all applicable laws. Such a person transacting business with the Corporation has the same rights and obligations relating to those matters as other persons transacting business with the Corporation. The Corporation shall not borrow money from or otherwise transact business with a director, officer or committee member of the Corporation unless the transaction is described fully in a legally binding instrument and is in the best interests of the Corporation. THE CORPORATION SHALL NOT BORROW MONEY FROM OR OTHERWISE TRANSACT BUSINESS WITH A DIRECTOR, OFFICER OR COMMITTEE MEMBER OF THE CORPORATION WITHOUT FULL DISCLOSURE OF ALL RELEVANT FACTS AND WITHOUT THE APPROVAL OF THE BOARD OF DIRECTORS, NOT INCLUDING THE VOTE OF ANY PERSON HAVING PERSONAL INTEREST IN THE TRANSACTION.

8.15 Prohibited Acts

As long as the Corporation is in existence, no director, officer or committee member of the Corporation shall:

- a. Do any act in violation of the 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 improper 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 business practices, trade secrets or any other information not generally known to the business community to any person not authorized to receive it.
- i. Commit Corporation funds without the prior approval of the Board of Directors.

Provided further, however, that the Corporation shall not have the power to own or operate any project as a business other than as Lessor, Seller, or Lender or pursuant to the requirements of any trust agreement securing the credit transaction. In addition, the user pursuant to any lease, sale or loan agreement relation to a project shall be considered to be the owner of the project for the purposes of the application of any ad valorem, sales, and use taxes or any other taxes levied or imposed by the State of Texas. The purchase and holding of mortgages, deeds of trust, or other security interests and contracting for any servicing thereof shall not be deemed the operation of a project.

SECTION IX
BOOKS AND RECORDS

9.01 Books and Records

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 of Directors and of any committee given any authority of the Board and to the City Council.

9.02 Inspection

Any member of the City Council of Gonzales, Director or officer of the Corporation may inspect and receive copies of all books and records of the Corporation required to be kept by the Bylaws. Any person entitled to inspect and copy the Corporation's books and records may do so through his or her attorney or other fully authorized representative. The Board of Directors may establish reasonable fees for copying the Corporation's books and records by Members. Consistent with the obligations and limitations of the Texas Open Records Act, the Corporation shall provide requested copies of books or records no later than ten (10) working days after the Corporation's receipt of proper written notice.

SECTION X

SEAL

10.01 SEAL

The Board of Directors shall obtain a corporate seal which shall bear the words "Corporate Seal of Gonzales Economic Development Corporation"; the Board may thereafter use the corporate seal and may later alter the seal as necessary without changing the Corporate name: but these Bylaws shall not be construed to require uses of the corporate seal.

SECTION XI
AUTHORIZATION

11.01 Authorization

The Corporation shall carry out its program subject to its Articles of Incorporation, these Bylaws and the Development Corporation Act, and such resolutions as the Board may from time to time authorize.

11.02 Program

The program of the Gonzales Economic Development Corporation shall be to promote, encourage, and enhance economic development in Gonzales, Texas, subject to applicable State and Federal laws, these Bylaws, and the Articles of Incorporation.

SECTION XII
PARLIAMENTARY AUTHORITY

12.01 Amendments to Bylaws

These Bylaws may be amended or repealed and new Bylaws may be adopted by an affirmative vote of a majority of the Directors present at any meeting for which a quorum is present at a special meeting of the Directors held for such specific purpose and the notice requirements stated hereinabove regarding special meetings shall apply. The Directors of the Corporation present at an annual meeting of the Board may, by a majority vote amend or repeal and institute new Bylaws, provided that at least ten (10) days prior to the annual meeting, written notice setting forth the proposed action shall have been given to the Directors, and public notice regarding such action given according to the requirements of the Texas Open Meetings Act and Open Records Act.

Notwithstanding the foregoing, no amendment or new Bylaw shall become effective unless the City Council approves the amendment or new Bylaws.

12.02 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.

12.03 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 this Board.

SECTION XIII

DISSOLUTION

13.01 Dissolution

On petition of ten per cent. (10%) or more of the registered voters of the City of Gonzales requesting an election on the dissolution of the Corporation, the city of Gonzales shall order an election on the issue. The election must be conducted according to the applicable provisions of the Election Code. The ballot for the election shall be printed to provide for or against the proposition:

“Dissolution of the Gonzales Economic Development Corporation”

If a majority of voters voting on the issue approve the dissolution, the Corporation shall continue operations only as necessary to pay the principal of and interest on its bonds and to meet obligations incurred before the date of the election and, to the extent practicable, shall dispose of its assets and apply the proceeds to satisfy those obligations. When the last of the obligations are satisfied, any remaining assets of the corporation shall be transferred to the City of Gonzales and the Corporation shall be dissolved.

SECTION XIV

INDEMNITY

14.01 Indemnity

The Corporation hereby agrees to indemnify and hold harmless each current or former Director or Officer of the Corporation from and against any costs, expenses (including attorney's fees), fines, settlements, judgments, liabilities and other amounts, actually and reasonably incurred by such person in any action, suit, or proceeding to which he or she is made a party by reason of holding such position as Officer or Director; provided, however, that such Officer or Director shall not receive such indemnification if he or she be finally adjudicated in such instance to be liable for gross negligence or intentional misconduct in office. The indemnification herein provided shall also extend to good faith expenditures incurred in anticipation of, or preparation for, threatened or proposed litigation, The Board of Directors may,

in proper cases, extend the indemnification to cover the good faith settlement of any such action, suit or proceedings, whether formally instituted or not.

Furthermore, the Corporation agrees to indemnify and hold harmless and defend the City of Gonzales, its officers, agents, and its employees, from and against liability for any and all claims, liens, suits, demands and/or actions for damages, injuries to persons (including death), property damage (including loss of use), and expenses, including court costs and attorney's fees and other reasonable costs arising out of or resulting from the Corporation's activities and from any liability arising out of or resulting from the intentional acts or negligence, including all such cause of action based upon common, constitutional, or statutory law, or based in whole or in part upon the negligent or intentional acts or omissions of the Corporation, including, but not limited to its officers, agents, employees, licensees, invitees, and other persons.

It is further agreed with respect to the above indemnity, that the Corporation will provide prompt and timely notice of any event covered which in any way, directly or indirectly, contingently or otherwise, affects or might affect the Corporation or the City of Gonzales, and the City of Gonzales shall have the right to compromise and defend the same to the extent of its own interests. It is further agreed that this indemnity clause shall be an additional remedy to the City of Gonzales and not an exclusive remedy.

SECTION XV

MISCELLANEOUS

15.01 Relation to Articles of Incorporation

These Bylaws are subject to, and governed by, the Articles of incorporation and applicable State Statutes under which the Corporation was organized.

Passed, Adopted and Approved this 24th day of June, 1997.