

City of Caney City
Ordinance No. 2011-01
Economic Development Corporation

An Ordinance authorizing the formation of the Caney City Economic Development Corporation and appointment of the initial Board of Directors.

PURPOSE: To promote, develop, and encourage employment and the public welfare in Caney City.

NOW THEREFORE:


BE IT ORDAINED by the City Council of Caney City, Texas:

1. That it is advisable to form the Caney City Economic Development Corporation.
2. That the initial Board of Directors is hereby appointed and listed as follows:

Jack Boykin
Patricia Mayfield
Lawanda Robertson
Willie Robertson
Carolyn Welch
Ronald Welch
Sandra Youngblood
3. That Jamey Locke is appointed as the Registered Corporate Agent.
4. That the attached Bylaws, dated 3/24/2011, are approved.
5. That the attached Articles of Incorporation, dated 3/24/2011, are approved.
6. That the attached Certificate of Formation, dated 3/24/2011, is approved.

7. That the Corporation shall be primarily funded by the 4B Sales Tax approved in the November 2, 2010, Caney City General Election.

PASSED AND APPROVED THIS THE 24 day of March, 2011.



Joe Barron
Mayor, Caney City

ATTEST:



Jamey Locke
City Secretary, Caney City



CERTIFICATE OF FORMATION
CANEY CITY ECONOMIC DEVELOPMENT COROPARTION

NAME: Caney City Economic Development Corporation

PROFIT / NON-PROFIT: Corporation is a Non-Profit Corporation

DURATION: The duration of the corporation is perpetual

PURPOSE: The purpose of the Corporation is to promote economic development within the City and State in order to eliminate unemployment and underemployment, and to promote and encourage employment and the public welfare of, for, and on behalf of the City, and for parks, auditoriums, open space improvements, and operating costs of the publicly owned and operated projects by developing, implementing, providing, and financing projects under the act and as defined in Section 4B of the Act.

MEMBERS/STOCK: The Corporation has no members and is a non-stock corporation.

REGULATION OF CORP. : The regulation of the corporation's internal affairs will be conducted according to the Bylaws passed by the Directors and all other regulations permitted by law not contained in the Bylaws.

REISTERED OFFICE: 15241 Barron Road, Caney City, Texas 75148

REGISTERED AGENT: Jamey Locke, 15241 Barron Road, Caney City, Texas 75148

DIRECTORS: There will be seven board members
The initial names addresses of the board members are as follows:

<u>NAME</u>	<u>ADDRESS</u>
Jack Boykin	15489 Presidio Dr., Caney City, Texas 75148
Patricia Mayfield	15541 Presidio Dr., Caney City, Texas 75148
Lawanda Robertson	16003 St Paul Dr., Caney City, Texas 75148
Willie Robertson	16003 St Paul Dr., Caney City, Texas 75148
Carolyn Welch	15593 Presidio Dr., Caney City, Texas 75148
Ronald Welch	15593 Presidio Dr. Caney City, Texas 75148
Sandra Youngblood	15571 Presidio Dr., Caney City, Texas 75148

ORGANIZER: Ronald Welch, 15593 Presidio Dr., Caney City, TX

CITY COUNCIL HAS:

1. By city ordinance no. 2011-01, the City has specifically authorized the corporation to act on the City's behalf to further the public purpose stated in the resolution and above.

2. Approved this Certificate of Formation

**ARTICLES OF INCORPORATION OF
CANEY CITY ECONOMIC DEVELOPMENT CORPORATION**

WE, THE UNDESIGNED natural persons, not less than three in number, each of whom is at least 18 years of age and a qualified elector of the City of Caney City, Texas (the "City"), acting as incorporators of a public instrumentality and non-profit economic development corporation (the "Corporation") under the Development Corporation Act of 1979, as amended, Article 5190.6, Vernon's Ann. Civ. St., Sect. 4A as amended (the "Act"), with the approval of the City Council, do hereby adopt the following Articles of Incorporation (the "Articles") for the Corporation:

ARTICLE ONE

The name of the corporation is "CANEY CITY ECONOMIC DEVELOPMENT CORPORATION."

ARTICLE TWO

The Corporation is a non-profit economic development corporation under the Act and is governed by Section 4B of the Act.

ARTICLE THREE

Subject to the provisions of these Articles, the period of duration of the Corporation is perpetual.

ARTICLE FOUR

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

ARTICLE FIVE

The purpose of the Corporation is to promote economic development within the City and State in order to eliminate unemployment and underemployment, and to promote and encourage employment and the public welfare of, for, and on behalf of the City, and for parks, auditoriums, open space improvements, and operating costs of the publicly owned and operated projects by developing, implementing, providing, and financing projects under the act and as defined in Section 4B of the Act.

In the fulfillment of its corporate purpose, the Corporation shall have the power to provide financing to pay the costs of projects through the issuance or execution of bonds, notes, and other forms of debt instruments, and to acquire, maintain, lease and sell property, and interest therein, all to be done and accomplished on behalf of the City, for its benefit, to accomplish its public and governmental purposes as its duly constituted authority and public instrumentality pursuant to the Act, under and within the meaning of the Internal Revenue Code of 1986, as amended, and the applicable regulation of the United States prescribed and promulgated there under.

In the fulfillment of its corporate purpose, the Corporation shall have and may exercise the powers described in the Articles, together with all of the other powers granted to the corporation, that are incorporated under the Act, and that are governed by Section 4B thereof, and to the extent all of the rights, powers, privileges, authorities, and functions given by the general laws of the State of Texas to nonprofit corporation under the Texas Non-Profit Corporation Act, Article 1396 Vernon's Ann. Civ. St., as amended.

The Corporation is a corporation, having the purpose and powers permitted by the Act, pursuant to the authority granted in Article III, Section 52-a of the Texas Constitution. The Corporation does not have, and shall not exercise, the powers of sovereignty of the City, including the power of tax (except for the power to receive and use the sales and use taxes specified in Section 4B of the Act) and the police power, except that the Corporation shall have and may exercise the power of eminent domain when the exercise thereof is approved by the City Council. The Corporation, directors of the Corporation, the City creating the Corporation, members of the governing body of the City, employees of the Corporation and employees of the City shall not be and are not liable for damages arising from the performance of any governmental function of the Corporation or City. For purposes of the Texas Tort Claims Act (Subchapter A, Chapter 101, Texas Civil Practice and Remedies Code), the Corporation is a governmental unit and its actions are governmental functions.

No bonds, notes, or other debt instruments or other obligations, contracts, or agreements of the Corporations are or shall ever be deemed to be or constitute the contracts, agreements, bonds, notes, or any other debt instruments or other obligations, or the lending of credit, or a grant of the public money or things of value, belonging to, or by, the State of Texas, or the City, or any other political corporation, subdivision or agency of the State of Texas, or pledge the full faith and credit of any of them. Any and all of such contracts and agreements shall be payable solely and exclusively from the revenues and funds received by the Corporation from the sources authorized by Section 4B of the Act and such other sources as may be otherwise lawfully available and belonging to the Corporation from time to time.

ARTICLE SIX

These Articles shall be amended in any of the following methods:

- A. Pursuant to the powers of the City, contained in the Act, the City Council, by resolution, may amend these Articles specifying in such application the proposed amendments to these hereto with the Secretary of State as provided by the Act.
- B. The Board of Directors (the "Board") of the Corporation may file a written application with the City Council requesting approval of proposed amendments to these Articles specifying in such application the proposed amendments. If the City Council, by appropriate resolution, finds and determines that it is advisable the proposed amendments be made and authorizes, and approves the form of the proposed amendments, the Board may proceed to amend these articles in the manner provided by the act.

C. The Board shall not have any power to amend the articles except in accordance with procedures established in these Articles.

ARTICLE SEVEN

The address of the initial registered office of the Corporation is City Hall, 15241 Barron Road, Caney City, Texas 75148, and the name of its initial registered agent at such address is Jamey Locke. This address shall also serve as the principal address of the Board.

ARTICLE EIGHT

The affairs of the Corporation shall be managed by a Board of Directors (the "directors") which shall be composed of seven (7) persons appointed by the City Council.

Each of the directors shall be a resident of the City or Henderson County. The names and addresses of the persons who are to serve as the initial directors are as follows:

<u>NAME</u>	<u>ADDRESS</u>
Jack Boykin	15489 Presidio Dr., Caney City, Texas 75148
Patricia Mayfield	15541 Presidio Dr., Caney City, Texas 75148
Lawanda Robertson	16003 St Paul Dr., Caney City, Texas 75148
Willie Robertson	16003 St Paul Dr., Caney City, Texas 75148
Carolyn Welch	15593 Presidio Dr., Caney City, Texas 75148
Ronald Welch	15593 Presidio Dr. Caney City, Texas 75148
Sandra Youngblood	15571 Presidio Dr., Caney City, Texas 75148

Each director shall hold office for the term for which the director is appointed unless sooner removed or resigned. Each director, including the initial directors, shall be eligible for reappointment. Directors are removable by the City Council at will and shall be appointed for a term of two (2) years. Initial terms of directors shall be provided by the Corporation's Bylaws. If a director is a member of the city council and ceases to be a member of such, such shall constitute an automatic resignation as a director and such vacancy shall be filled in the same manner as for other vacancies. Any vacancy of a director position occurring through death, resignation or otherwise shall be filled by an appointment of the City Council, as provided by the Corporation's Bylaws, to hold office until the vacating member's term.

ARTICLE NINE

The name and address of each incorporator is:

Ronald Welch, 15593 Presidio Dr., Caney City, TX

The initial bylaws of the Corporation shall be in the form and substance approved by the City Council in its Ordinance No. 2011-01 approving these Articles. Such bylaws shall be adopted by the Corporation's board and shall, together with these Articles, govern the internal affairs of the Corporation unless and until amended in accordance with these Articles.

Neither the initial bylaws nor any subsequently effective bylaws of the Corporation may be amended without consent and approval of the City Council. The approval of any proposed

amendments shall not become effective unless and until they are approved by resolution of the City Council.

ARTICLE TEN

The City Council may, in its sole discretion, and at any time, alter or change the structure, organization, programs or activities of the corporation, and it may terminate or dissolve the Corporation, subject to the provisions of these Articles.

The Corporation shall not be dissolved, and its business shall not be terminated, by act of the City Council; election by the voters as prescribed by the Act, or other obligations and unless the collection of the sales and use tax authorized by Section 4B of the act is eligible for termination in accordance with the provisions of Section 4B of the Act.

No action shall be taken in any manner or at time that would impair any contract, lease, right, or other obligation therefore executed, granted, or incurred by the Corporation.

ARTICLE ELEVEN

No dividends shall ever be paid by the Corporation and no part of its net earnings remaining after payment of its expenses and other obligations shall be distributed to or insure to the benefit of it's directors or officers, or any individual, private firm, or private corporation or association.

If the Corporation ever should be dissolved when it has, or is entitled to interest in any funds or property of any kind, real, personal, or mixed, such funds or property or rights thereto shall not be transferred to private ownership, but shall be transferred and delivered to the City after satisfaction or provision for satisfaction of all debts, claims, and contractual obligations, including any contractual obligations granting rights of purchase of property of the Corporation.

No part of the Corporation's activities shall consist of carrying on of propaganda or otherwise attempting to influence legislation, and the Corporation shall not participate in any campaign for, or in opposition to, any candidate for public office.

ARTICLE TWELVE

The City has specifically authorized the Corporation by Ordinance No. 2011-01 to act directly on its behalf to further the public purposes stated in said ordinance and in these Articles and the City has by said Ordinance No. 2011-01 approved the Articles. A copy of said ordinance is on file among the permanent public records of the City and the Corporation.

MAYOR AND CITY COUNCIL:

BYLAWS
OF
CANEY CITY ECONOMIC DEVELOPMENT CORPORATION

These Bylaws of Caney City Economic Development Corporation (the "Bylaws") govern the affairs of the Caney City Economic Development Corporation (the "Corporation"), a public instrumentality and a nonprofit corporation created under Section 4B of the Development Corporation Act of 1979, Article 5190.6 of the Revised Civil Statutes of Texas (the "Act").

ARTICLE ONE: PURPOSE

1.01 The Corporation is organized exclusively for the purpose of benefiting and accomplishing public purposes of the City of Caney City, Texas (the "City") by promoting, assisting, and enhancing economic development activities for the City as provided by the Act. The Corporation has no members and is a non-stock corporation.

ARTICLE TWO: ARTICLE TWO. REGISTERED OFFICE AND AGENT

2.01 The registered office of the Corporation shall be maintained at 15241 Barron Road Caney City, Henderson County, Texas, where the Corporation shall maintain a registered office and the registered agent as provided in the Act. The Board of Directors is authorized to establish additional offices and to change the location of any office of the Corporation, including the registered offices, which may be changed at any time by the Board of Directors but shall at all times be within the city limits of the City of Caney City.

ARTICLE THREE: BOARD OF DIRECTORS

3.01 Management of the Corporation and General Powers. The affairs of the Corporation shall be managed by a Board of Directors appointed by the City Council of Caney City, Texas ("Caney City Council" or "City Council"). All voting rights shall be vested solely in the Board, whose members shall serve without compensation. In addition to the powers and authorities expressly conferred upon them by these Bylaws, the Board of Directors may exercise all such powers of the Corporation and do all lawful acts and things as are permitted by the Act, by the Articles of Incorporation, or by these Bylaws.

3.02 Composition. The Board shall be composed of seven (7) directors who shall serve at the pleasure of the City Council. Directors may be selected based on interest in the work of the Corporation, special expertise, and civic service. All directors must be residents of the City or of Henderson County, Texas. Any director who is a member of the City Council when appointed shall cease to be a director at the time such person ceases to be a member of the City Council, but is eligible for reappointment.

3.03 Terms of Office. Board members shall be appointed for a term of not to exceed two (2) years. Directors may be appointed to succeed themselves. No more than three Board members may also be members of the City Council, City employees, or City officers.

3.04 Vacancies. Any vacancy occurring in the Board of Directors will be filled by

appointment by the Caney City Council. The replacement director shall serve the remainder of the term to which the replacement director is appointed to fill.

3.05 Board Attendance. Unless special consideration is granted by the Board to accommodate directors who are temporarily inactive for good cause, any director who is absent from three consecutive regular or special meetings of the Board may, by vote of the Board, be asked to resign.

3.06 Duties of Directors. Directors shall exercise ordinary business judgment in managing the affairs of the Corporation. Directors shall act as fiduciaries with respect to the interests of the citizens of Caney City. In acting in their official capacity as directors of this Corporation, directors shall act in good faith and take actions they reasonably believe to be in the best interests 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 interests or would be unlawful. A director shall not be liable if the director acts in good faith relying on written financial and legal statements provided by an accountant or attorney retained by the Corporation.

3.07 Limitations. Any expenditure in excess of \$2,500.00 by the Corporation for a project must first be submitted to and approved by the Caney City Council.

ARTICLE FOUR: OFFICERS

4.01 The officers of the Corporation shall be a President of the Board and a Secretary of the Board. With the authorization of the Caney City Council, additional officers, including one or more Vice Presidents and a Treasurer, may be elected. All officers shall be members of the Board. Any two or more offices may be held by the same person except the offices of President and Secretary may not be held by the same person. The officers shall have all powers specified in the Bylaws, as amended from time to time, and all powers authorized under the Act and the Texas Business Organizations Code or its successor statute.

4.02 Election and Terms of Office. The initial officers shall be elected by the Board as soon as practicable. Thereafter, the officers of the Corporation shall be elected annually at the first board meeting of each calendar year and assume their duties immediately. If the election of officers is not held at the first meeting of the calendar year, it shall be held as soon thereafter as conveniently possible. Each officer shall hold office until a successor is duly elected and qualified. Vacancies in officer positions may be filled by the Board of Directors for their unexpired position of the officer's term.

4.03 President. The President shall be chief executive officer of the Corporation. The President shall generally supervise and control all of the business and affairs of the Corporation and shall preside at all meetings of the Board of Directors. The President shall perform all duties incident to the office and other duties prescribed from time to time by the Board of Directors.

The President may execute deeds, mortgages, bonds, contracts, or other instruments that the Board of Directors has authorized to be executed. The President shall appoint the members of all standing and other committees unless composition is otherwise provided for in the Bylaws, and shall appoint all committee chairs.

4.04 Secretary. The Secretary shall be the custodian of the corporate records. The Secretary shall record and keep or cause to be recorded and kept all votes and minutes of the

meetings of the Board. The Secretary shall further give or cause to be given notice of all meetings of the Board of Directors and its committees, and shall perform such other duties as may be prescribed by the Board of Directors or President.

4.05 Vice President. If elected, any Vice President shall perform such duties as assigned by the Board of Directors or the President. In the absence of the President, or if the President is unable or refuses to act, the Vice President with the most seniority on the Board shall perform the duties of President and have all the powers and be subject to all the restrictions of that office.

4.06 Treasurer. If elected, 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 on the financial condition of the Corporation at each regular meeting of the Board and shall perform any other duties the Board of Directors or President assigns from time to time. Disbursements of the funds of the Corporation shall be by check, and all checks shall be signed in a manner consistent with the guidelines approved by the Board of Directors. All persons authorized to disburse or manage the funds of the Corporation shall be bonded in such sum as the Board of Directors may require.

ARTICLE FIVE: STAFF

5.01 The Board of Directors may enter into contracts with or engage independent contractors to provide bookkeeping, accounting, legal, or other professional services to the Corporation without obtaining approval of the City Council.

5.02 The Board of Directors may not employ any person as an employee unless the position for which the person is employed has been approved by the City Council prior to the employment of the person.

5.03 Subject to approval of the City Council, an Executive Director may be appointed by the Board of Directors. If an Executive Director is appointed, the Executive Director shall be the chief administrative officer of the Corporation and, subject to the supervision of the Board, shall perform such duties as may be incident to his or her office or specifically delegated to him or her by the Board. The Executive Director shall serve at the pleasure of the Board and receive such compensation as the Board may determine from time to time, provided that the initial compensation of the Executive Director and any increases in such compensation must be approved by the City Council. The Executive Director, as chief administrative officer, shall be responsible for policy and program implementation and for all operations of the Corporation, including hiring, supervising, and dismissing employees as well as defining and assigning their work. The Executive Director shall be a non-voting, ex-officio member of any committees created by the Board of Directors. The Executive Director shall compile and submit to the Board regular reports and recommendations regarding the programs, policies, and business affairs of the Corporation.

ARTICLE SIX: COMMITTEES

6.01 Committees Authorized. The Board of Directors may establish and delegate specified authority to additional standing and ad hoc committees from time to time. A committee

may include persons who are not directors of the Corporation. The Board of Directors may establish qualifications for membership on a committee, but the chair and all members of each committee shall be appointed by the President.

In addition, the Board of Directors may authorize subcommittees from time to time and charge them with clear and specific duties. Subcommittees will operate under the general rules governing the Board committees and the general oversight of the committee chair and of the President.

The establishment of a committee shall not relieve the Board of Directors, or any individual director, of any responsibility imposed by the Bylaws or otherwise imposed by law.

No committee shall have the authority of the Board of Directors to:

- a. Amend the articles of incorporation;
- b. Adopt a plan of merger or a 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 in Section 8.06 hereof;
- 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 corporate funds without the prior approval of the Board of Directors;
- m. Undertake any other matters appropriate to the authority of the Board of Directors.

6.02 Committee Terms. The members of each standing committee shall serve until successors are appointed by an incoming President, unless the committee is terminated or a member is removed, resigns, or ceases to qualify as a member. Vacancies on committees may be filled in the same manner as the original appointment.

6.03 Rules. Each committee or subcommittee may adopt rules for its own operation not inconsistent with the Bylaws or with rules adopted by the Board of Directors.

ARTICLE SEVEN: MEETINGS

7.01 Regular Meetings. The Board of Directors shall provide for at least one annual meeting which shall be held during November or December of each calendar year. The meeting shall be held at a time and place convenient to Board members and designated by the Board President. Other meetings shall be held at times and dates determined by the Board.

7.02 Special Meetings. Special meetings of the Board of Directors may be called by the President of the Corporation, by the Mayor of the City, or upon written request of at least three directors. Any notice of a special meeting shall contain a summary of the business or proposals to be brought before the special meeting. Should a director's request for a special meeting be submitted to the President by three directors, the President shall determine and notify all directors in writing of the date, time, and place of the special meeting.

7.03 Notice. Written or printed notice of each meeting of the Board of Directors shall be delivered to each director by mail, fax, electronic mail, in person, or other means not less than three days before the date of the meeting. If mailed, a notice shall be deemed to be delivered when deposited in the United States mail addressed to the person at his or her address as it appears in the records of the Corporation, with postage paid. The notice shall state the place, day, time, and subjects of the meeting. Attendance of a director at a meeting shall constitute a waiver of notice of that meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

7.04 Quorum. Four directors currently serving shall constitute a quorum for the transaction of business at any meeting of the Board of Directors.

7.05 Action of Board of Directors. The vote of a majority of the directors present and voting at a meeting at which a quorum is present shall be sufficient to constitute the act of the Board of Directors.

7.06 Proxies. A director may not vote by proxy.

7.07 Open Meetings. All meetings and deliberations of the Board shall be called, convened, held, and conducted in accordance with the Texas Open Meetings Act, Section 551.001, et seq., Texas Government Code, as amended.

ARTICLE EIGHT: CORPORATE ACTIVITIES

8.01. The Board of Directors shall develop, prepare, and submit to the City Council for its approval an annual work plan which shall set out goals and objectives of the Corporation, including, but not limited to, short-term and long-term goals for the economic development of the City. The Board shall review and update the plan each year prior to submission of the annual budget required by other provisions of these Bylaws. In addition, the Board shall accompany each subsequent work plan following the initial work plan with a performance evaluation detailing the Board's achievements of its prior goals and objectives during the course of the previous fiscal year.

8.02 Annual Corporate Budget. At least 60 days prior to the commencement of each fiscal year of the Corporation, the President shall file with the City Secretary 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 Council. The Board shall discuss, modify, if necessary, and then adopt the budget. The budget shall not be effective until the same has been approved by the City Council. No expenditure may be made from the approved budget until required notice has been published in the City's official newspaper as required by law.

8.03 Deposit and Investment of Corporate Funds. All funds of the Corporation shall be

deposited, secured, and/or invested in the manner provided for the deposit, security, and for investment of the public funds of the City of Caney City or as otherwise required by applicable law or under the terms of any bonds, notes, or other debt instruments issued by the Corporation. The Board shall designate the accounts and depositories to be created and designated for such purposes, and the methods of withdrawal of funds therefrom for use by and for the purposes of the Corporation upon the signature of its treasurer and such other members as the Board shall designate. The Board shall also provide for the reconciliation and investment of such funds and accounts. If agreed to by separate contract between the City and the Corporation, the accounts, reconciliation, and investment of such funds and accounts may be performed by the City. The Corporation may pay reasonable compensation for such services to the City.

8.04 Contracts. The Board of Directors may, by official action as specified herein, authorize any officer or agent of the Corporation to enter into a contract or execute and deliver any instrument in the name of and 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. In the absence of authority to the contrary, the President is authorized to execute Board-approved contracts on behalf of the Corporation.

8.05 Gifts. The Board of Directors may accept on behalf of the Corporation any gift or bequest provided for the general purposes of or for any special purpose of the Corporation. Special funds shall include all funds from government contracts and gifts designated by a donor for special purposes. All other funds shall be general funds.

8.06 Potential Conflicts of Interest. The provisions of Chapters 171 and 176 of the Texas Local Government Code are applicable to the Corporation and to the members of the Board of Directors.

8.07 Prohibited Acts. As long as the Corporation is in existence, no director, officer, of 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 nor 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 tangible 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.

ARTICLE NINE: BOOKS, RECORDS, AUDITS

9.01 Maintenance of Records. The Corporation shall keep and properly maintain, in accordance with generally accepted accounting principles, complete books, records, accounts, and financial statements pertaining to its corporate funds, activities, and affairs. In addition to proper financial records, the Corporation shall keep correct and complete minutes of all Board and committee meetings and all records required by the City, by contracting agents, or by funding sources.

9.02 Compliance with State Law. All records shall be kept and administered in accordance with the Public Information Act, Section 552.001, et seq., Texas Government Code, as amended.

9.03 Inspection. Any member of the City Council of the City and any 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 copies of the Corporation's books and records.

9.04 Audits. The Corporation shall cause its books, records, accounts, and financial statements, and all other activities for the previous fiscal year, to be audited at least once each fiscal year by an outside independent certified public accounting firm, other individual or company allowed by law and selected by the Corporation and approved by the City Council. Each audit shall be prepared and submitted annually to the Board of Directors and to the Caney City Council. Any such audit shall be performed at the expense of the Corporation.

ARTICLE TEN: FISCAL YEAR

10.1. The fiscal year of the Corporation shall run concurrently with the fiscal year of the City, beginning on the first day of January and ending on the last day of December in each year.

ARTICLE ELEVEN: AMENDMENTS TO BYLAWS

11.01 The Board of Directors, by the affirmative vote of a majority of the Board, may alter, amend, or repeal the Bylaws or adopt new Bylaws at any regular meeting, or any special meeting provided that notice be given not less than three days prior to such meeting and that such notice contain a copy of the proposed amendment or amendments. Said amendments shall be effective only upon approval by the Caney City Council.

11.02 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.

ARTICLE TWELVE: INDEMNIFICATION AND INSURANCE

12.01 Corporation to Indemnify. The Corporation shall indemnify any director or officer

or former director or officer of the Corporation against judgment, penalties (including excise and similar taxes), fines, settlements, and reasonable expenses, including court costs and attorneys' fees actually incurred by such person in connection with any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, arbitral, or investigative, any appeal in such action, suit, or proceeding, and any inquiry or investigation that could lead to such an action, suit, or proceeding, in which such person was or is threatened, to be named defendant or respondent because of being or having been such director or officer or because of serving or having served in such capacity at the request of the Corporation, in which case indemnification shall be limited to reasonable expenses actually incurred by the person in connection with such action, suit, or proceeding, if the person (1) conducted himself in good faith, (2) believed, in the case of conduct in his official capacity as director or officer of the Corporation, that his conduct was in the Corporation's best interest, and, in all other cases, that his conduct was at least not opposed to the Corporation's best interest, and (3) in the case of any criminal proceeding, had no reasonable cause to believe his conduct was unlawful.

Such person may not be indemnified for obligations resulting from such action, suit, or proceeding in which the person is found liable on the basis that personal benefit was improperly received by him, whether or not the benefit resulted from an action taken in the official capacity of the person; provided, however, that nothing in this Article shall be construed to limit the protection or the rights afforded any director or officer or former director or officer entitled to indemnity under the Corporation's articles of incorporation or bylaws (as either may be amended from time to time) or under any agreement, insurance policy, or vote of the Board of Directors, or otherwise. In this Article, "official capacity" shall, when used with respect to a director, mean the office of director in the Corporation, and shall, when used with respect to a person other than a director, mean the elective or appointive office in the Corporation held by the officer.

Indemnification in all cases not provided for in this Article shall be governed by the laws of the State of Texas, as they may be amended and in effect from time to time.

12.02 Corporation May Provide 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 said person by reason of such 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 THIRTEEN: PARLIAMENTARY AUTHORITY

13.01 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.

ARTICLE FOURTEEN: DISSOLUTION OF THE CORPORATION

14.01 The Corporation is a nonprofit corporation. Upon dissolution, all of the Corporation's assets shall be distributed to the City.