

**SECOND AMENDED BYLAWS OF  
PRINCETON COMMUNITY DEVELOPMENT CORPORATION**

**ARTICLE I**

**PURPOSE AND POWERS**

Section 1. Purpose. The Corporation is incorporated for the purposes set forth in Article four of its Articles of Incorporation, the same to be accomplished on behalf of the City of Princeton, Texas, a Texas municipal corporation (the "City"), as its duly Constituted authority and instrumentality in accordance with the Development Corporation Act of 1979, Tex. Rev. Civ. Stat. Art. 5190.6 as amended, (the "Act"), and other applicable laws.

Section 2. Powers. In the fulfillment of its corporate purpose, the corporation shall be governed by Section 1B of the Act, and shall have all the powers set forth and conferred in its Articles of Incorporation, in the Act, and in other applicable law, subject to the limitations prescribed therein and herein and to the provisions thereof and hereof.

**ARTICLE II**

**BOARD OF DIRECTORS**

Section 1. Powers, Number and Term of Office.

- (a) The property and affairs of the corporation shall be managed and controlled by a Board of Directors (the "Board") and subject to the restrictions imposed by law, by the Articles of Incorporation, and by these Bylaws, the Board shall exercise all of the powers of the Corporation.
- (b) The Board shall consist of seven (7) directors, each of whom shall be appointed by the City Council (the "City Council") of the City as follows:
  1. Five directors shall be appointed as follows: Each Council person excluding the Mayor, shall appoint one individual, who shall not be a City employee, officer or member of City Council, to serve as a director. The term of the individual appointed shall coincide with the term of office of the appointing council person and the term of the appointed director shall expire on the date of the election of the Council person. Appointments and/or re-appointments shall be made so the new directors take office in December following the City elections generally held in November. Provided, however, should there be a run-off required, the appointment shall be made within 30 days of the date the Council member takes office.
  2. The Mayor shall appoint the remaining two directors, who may be a City employee, officer or Council member.

- (c) At least three (3) directors cannot be City employees, officers, or members of the City Council;
- (d) The directors constituting the first Board shall be those directors named in the Articles of Incorporation. The respective initial terms of the Board are set forth in the Articles of Incorporation. Thereafter, each successor member of the Board shall be appointed and serve for two (2) years or until his or her successor is appointed as hereinafter provided. A director shall not serve more than three (3) consecutive terms.
- (e) Any director may be removed from office by the City Council at any time without cause. Provided however, no director may miss more than 25% of the regularly scheduled meeting in a 12 month period. Failure to maintain a 75% attendance record for all regularly scheduled meetings, as reflected in the minutes of the meeting, shall result in automatic removal from the board, and the position left vacant by the automatic removal shall be filled by the appointing council person or entity within 30 days of the vacancy. The determination of the failure to maintain attendance as required herein shall be made by the Mayor and the Mayor's decision shall be final.

Section 2. Meetings of Directors. The directors may hold their meetings at such place or places in the City as the Board may time to time determine; provided, however, in the absence of any such determination by the Board, the meetings shall be held at the principal office of the corporation as specified in Article V of these Bylaws.

Section 3. Notice and Open Meetings Act. The Boards shall be considered a "governmental body" within the meaning of the Texas Government Code, Sec. 551.001, and notice of each meeting and deliberation shall be given to the public in accordance with the provisions of the Texas government Code, Chapter 551 (The Texas Open Meetings Act) as amended.

Section 4. Quorum and Voting. A majority of the directors shall constitute a quorum for the conduct of the official business of the Corporation. The act of a majority of the directors present at a meeting at which a quorum is in attendance shall constitute the act of the board and of the corporation unless the act of a greater number is required number is required by law. However, in no event shall any project or expenditure be approved upon the affirmative vote of least than four (4) directors present at a meeting. A director may not vote by proxy. Directors must be present in order to vote at any meeting. Regular attendance at the Board meetings is required of all directors. The following number of absences shall constitute the basis for replacement of a director. Three (3) consecutive unexcused absences from meetings of the board shall cause the position to be considered vacant. In addition, the position of any director who has four (4) unexcused absences in a twelve (12) month period shall be considered vacant.

Section 5. Conduct of Business.

(a) At the meetings of the board, matters pertaining to the business of the corporation shall be considered in accordance with rules of procedure as from time to time prescribed by the Board.

(b) At all meetings of the board, the president shall reside and in the absence of the president, the vice president shall exercise the powers of the president.

(c) The secretary of the corporation shall act as secretary of all meetings of the Board, but in the absence of the secretary, the presiding officer may appoint any person to act as secretary of the meeting.

Section 6. Committees of the Board. The Board may designate two or more directors to constitute an official committee of the board to exercise such authority of the Board as may be specified in the resolution. It is provided, however, that all final, official actions of the corporation may be exercised only by the Board. Each committee so designated shall keep regular minutes of the transactions of its meetings and shall cause such minutes to be recorded in books kept for that purpose in the principal office of the Corporation.

Section 7. Compensation of Directors. Directors shall not receive any salary or compensation for their services as directors. However, they shall be reimbursed for actual expenses incurred in the performance of their duties hereunder.

Section 8. Attendance at Board Meetings. The City Manager, or his designee, the City Secretary and the Mayor may attend all meetings of the Board of Directors or committees, including executive sessions. The City Manager, or his designee, the City Secretary and the Mayor shall not have the power to vote in the meetings attended; however, each shall have the right to participate in any discussion.

Section 9. Board's Relationship with the City. In accordance with state law, the Board shall be responsible for the proper discharge of its duties assigned herein. The Board shall determine its policies and directives within the limitations of the duties herein imposed by applicable laws, The Articles, these Bylaws, contracts entered into with the City, and the budget and fiduciary responsibilities. Such policies and directives are subject to approval by the City Council. Any request for services made to the departments of the City shall be made by the Board or its designee in writing to the Mayor or City Manager. The Mayor or City Manager may approve such request for assistance from the Board when he finds such requested services are available within the City and that the Board has agreed to reimburse the City for the cost of such services so provided.

## ARTICLE III

### OFFICERS

#### Section 1. Titles and Term of Office.

(a) The officers of the Corporation shall be a president, a vice president, a secretary, and a treasurer, and such other officers as the Board may from time to time elect or appoint. One person may hold more than one office, except that the president shall not hold the office of secretary. Term of office shall be one (1) year with the right of an officer to be re-elected.

(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 a majority of the directors.

Section 2. Powers and Duties of the President. The president shall be a member of the Board, shall preside at all meetings of the Board, and may sign and execute contracts and other legal instruments in the name of the Corporation as approved by the Board.

Section 3. Vice President. The vice president shall be a member of the Board and shall exercise the powers of the president during that officer's absence or inability to act. Any action taken by the vice president in the performance of the duties of the president shall be conclusive evidence of the absence or inability to act of the president at the time such action was taken.

Section 4. Treasurer. The treasurer may be the Director of Finance for the City and shall have the responsibility to see to the handling, custody, and security of all funds and securities of the Corporation in accordance with these bylaws and statutes governing corporations formed under the Act. Upon the approval of the Board, the treasurer may endorse and sign, on behalf of the Corporation, for collection or issuance, checks, notes and other obligations in or drawn upon such bank or banks or depositories as shall be designated by the Board consistent with these Bylaws. The treasurer shall see to the entry in the books of the Corporation full and accurate accounts of all monies received and paid out on account of the Corporation. The City Council may require that the treasurer, at the expense of the Corporation, give a bond for the faithful discharge of his duties in such form and amount as the City Council may require.

Section 5. Secretary. The secretary may be the City Secretary or other City staff person so designated by the Boards, and shall keep the minutes of all meetings of the Board, and shall keep the minutes of all meetings of the Boards in books provided for that purpose, shall give and serve all notices, may sign with the president upon the approval of the Board in the name of the Corporation, and/or attest to the signature thereto, all contracts, conveyances, franchises, bonds,

deeds, assignments, mortgages, notes and other instruments of the corporation, shall have charge of the corporate books, records, documents and instruments, except that papers as the Board may direct, all of which shall at all reasonable times be open to public inspection upon application at the office of the Corporation during business hours, and shall in general perform all duties incident to the office of secretary subject to the control of the Board.

Section 6. Eligible Individuals. The president and vice president shall be named from among the members of the Board. The treasurer, secretary and any assistant secretaries may be employees of the City, as such individuals are designated by the board and approved by the City Council.

Section 7. Chief Administrative Officer. The Mayor or City Manager, as designated by the City Council, shall serve as the Chief Administrative Officer of the Corporation, and upon the board's approval, may administer work orders, requisitions for payment, purchase orders, contract administration /oversight, contract management, and other instruments or activities as prescribed by the Board in the name of the Corporation.

Following the approval of the Board and the City council, the Chief Administrative Officer shall employ such full or part-time employees as needed to carry out the programs of the Board. These employees shall be employees of the city and perform those duties assigned to them. These employees shall be compensated for their services to the Corporation.

Section 8. Compensation. Officers who are members of the board shall be reimbursed for actual expenses incurred in the performance of their duties hereunder.

#### ARTICLE IV

#### FUNCTIONAL CORPORATE DUTIES AND REQUIREMENTS

##### Section 1. Duties of the Board.

(a) The Board shall develop a combined Facilities Development Capital Improvement Program ("FDCIP"), including maintenance and operation costs thereof, for the City which shall include and set forth both short and long term goals. The FDCIP developed by the board shall be one that incorporates the capital improvement plans of all of the City's general community facilities within the parameters specified in Article I, Section 2 of these Bylaws, and within the financial constraints of revenues available to the Corporation. The FDCIP shall be approved by the City Council.

(b) The Board shall review and update the FDCIP once a year to ensure the plan is up to date with current community needs and is capable of meeting the City's facilities development needs. The Board shall expend, in accordance with State law and subject to City Council approval, the funds received by it for community facilities development where such

expenditures will have benefit to the citizens of the City. The Board shall make an annual report no later than the 10<sup>th</sup> day of July each year to the City council which shall include, but not be limited to, the following:

- (i) A review of the accomplishments of the corporation in the area of facilities development during the past year; and
- (ii) The planned activities of the Corporation for the budget year addressed in the annual report.

Section 2. Annual Corporate 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. The budget shall contain such classifications and shall be in such form as may be prescribed from time to time by the Chief Administrative for inclusion with the annual budget submitted to the City Council. The budget shall not be effective until the same has been approved by the City Council.

Section 3. Books, Records, Audits.

(a) The Corporation shall keep and properly maintain, in accordance with generally accepted accounting principles, complete books, records, accounts, and financial statements pertaining to its corporate funds, activities, and affairs.

(b) Upon the Boards approval, the books, records, accounts and financial statements of the Corporation may be maintained for the Corporation by the City. In such event, the Corporation may pay to the City reasonable compensation for such services.

(c) The Corporation's books, records, accounts, and financial statements to be audited at least once each fiscal year by an outside, independent, auditing and accounting firm selected by the City. Such audit shall be at the expense of the Corporation.

Section 4. Deposit and Investment of Corporate Funds.

(a) All proceeds from the issuance of bonds, notes, or other debt instruments ("Obligations") issued by the Corporation shall be deposited and invested as provided in the resolution, order, indenture, or other documents authorizing or relating to the issuance.

(b) All other monies of the corporation shall be deposited, secured, and/or invested in the manner provided for the deposit, security, and/or investment of the public funds of the City. The treasurer shall designate the accounts and depositories to be created and designated for such purposes, and the methods of withdrawal of funds there from for use by and for the purposes of the Corporation upon the signature of its treasurer and the Chief Administrative

Officer. The accounts, reconciliation, and investment of such funds and accounts shall be performed by the Finance Department of the City. The Corporation may pay reasonable compensation for such services by the City.

Section 5. Expenditures of Corporate Money. The monies of the corporation, including, but not limited to, sales and use taxes collected pursuant to Section 4B of the Act, monies derived from the repayment of loans, rents received from the lease or use of property, proceeds from the investment of funds of the Corporation, proceeds from the sale of property, and proceeds derived from the sale of Obligations, shall be expended for construction, improvement and/or maintenance of city parks and streets, with the board exercising reasonable efforts to equalize the expenditures between parks and streets, subject to the following limitations:

(a) Expenditures from the proceeds of Obligations shall be identified and described in the orders, resolutions, indentures, or other agreements submitted to and approved by the City Council prior to the sale and delivery of the Obligations to the purchasers thereof required by Section 6 of this Article;

(b) Expenditures that may be made from a fund created with the proceeds of Obligations, and expenditures of monies derived from sources other than the proceeds of Obligations may be used for the purposes of financing or otherwise providing one or more "Projects", as defined in the Act, except as limited herein. The specific expenditures shall be described in a resolution or order of the Board and shall be made only after the approval thereof by the City Council;

(c) The board shall hold a public hearing prior to the approval of any proposed specific project and the expenditure of any funds on such project.

(d) All other proposed expenditures shall be made in accordance with and shall be set forth in the annual budget required by Section 2 of this Article.

(e) For any project costing more than One Hundred and No/100 Dollars (\$100.00), the board shall be required to obtain the City Council's specific approval prior to making any expenditures for such project. Projects not costing more than \$100.00 shall not be aggregated as part of, or merely be components or subparts of, the same overall project, such resulting in the avoidance of obtaining the City Council's specific approval. Notwithstanding the foregoing, the board may not approve, on an annual basis, projects with aggregate expenditures exceeding One Hundred and No/100 Dollars (\$100.00) without specific City Council approval.

Section 6. Issuance of Obligations. No Obligations, including refunding Obligations, shall be sold and delivered by the Corporation unless the City Council shall approve such

Obligations by action taken no more than sixty (60) days prior to the date of sale of the Obligations.

Section 7. Potential Conflicts of Interest. The members of the Board are local public officials within the meaning of the Texas Government Code, Chapter 171. If a director has a substantial interest in a business entity or real property which is the subject of deliberation by the Board, the director shall file an affidavit with the secretary of the Corporation stating the nature and extent of the interest. Such affidavit shall be filed prior to any vote or decision upon the matter by the Board, and the interested director shall abstain from any vote, decision or discussion upon the matter.

Section 8. Contracts for Service. 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. Such designated tasks may include, but not be limited to, project conceptualization/feasibility studies and project analysis. These contracts (i) shall not be considered "projects" under this Article, (ii) shall not require a public hearing as provided by Section 5(c), and (iii) except as otherwise provided herein, shall not be subject to City Council approval. Prior City Council approval of such contract is required if the proposed contract is not already included in the current annual budget as a specific expenditure and if such contract exceeds One Hundred and No/100 Dollars (\$100.00). Furthermore, no such contract shall ever be approved or entered into which seeks or attempts to divest the Board of its discretion and policy-making functions in discharging the duties herein set forth. An administrative services agreement shall be executed between the Board and the City Council for the services provided and compensated as provided for herein.

## ARTICLE V

### MISCELLANEOUS PROVISIONS

#### Section 1. Principal Office.

(a) The principle office and the registered office of the Corporation shall be the registered office of the Corporation specified in the Articles of Incorporation.

(b) The Corporation shall have and shall continually designate a registered agent at its registered office, as required by the Act.

Section 2. Fiscal Year. The fiscal year of the Corporation shall be the same as the fiscal year of the City.



Section 3. Seal. The seal of the Corporation shall be as determined by the board.

Section 4. Resignations. Any director or officer may resign at any time. Such resignation shall be made in writing and shall take effect at the time specified therein, or, if no time be specified, at the time of its receipt by the president or secretary. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

Section 5. Approval or Advice and Consent of the City Council. To the extent that these Bylaws refer to any approval by the City or refer to advice and consent by the City Council, such advice and consent shall be evidenced by a certified copy of a resolution, order, or motion duly adopted by the City council.

Section 6. Services of City Staff and Officers. Subject to approval from the City Council, the Corporation shall have the right to utilize the services of the City Attorney, the City Secretary, and the Finance Department of the City, provided (a) that the Corporation may pay reasonable compensation to the City for such services, and (b) the performance of such services does not materially interfere with the other duties of such personnel of the City.

Section 7. Indemnification of Directors, Officers and Employees.

(a) As provided in the Act and in the Articles of Incorporation, the Corporation is, for the purposes of the Texas Tort Claims Act (Subchapter A, Chapter 101, Texas Civil Practices and Remedies Code), a governmental unit and its actions are governmental functions.

(b) The corporation shall indemnify each and every member of the Board, its officers, and its employees, its attorneys, each member of the City Council and each employee of the City, to the fullest extent permitted by law, against any all liability or expense, including attorneys' fees, incurred by any of such persons by reason of actions or omissions that may arise out of the functions and activities of the Corporation.

Section 8. Legal Construction. These Bylaws shall be construed in accordance with the laws of the State of Texas. All references in the Bylaws to statutes, regulations, or other sources of legal authority shall refer to the authorities cited, or their successors, as they may be amended from time to time. It is expressly provided that the provisions of the Act applicable to corporations governed under Sec. 4B of the Act are incorporated within these Bylaws by reference. In the event of any conflict between the applicable provisions of such Act and these Bylaws, then the applicable provisions of the Act shall control.

Section 9. Severability. If any provision or section of these Bylaws is held to be invalid, illegal or unenforceable in any respect, the invalidity, illegality or unenforceability shall not

affect any other provisions, and the Bylaws shall be construed as if the invalid, illegal, or unenforceable provision had not been included in the Bylaws.

Section 10. Headings. The headings used in these Bylaws are used for convenience only and shall not be considered in construing the terms of the Bylaws.

Section 11. Parties Bound. The Bylaws shall be binding upon and inure to the benefit of the directors, officers and agents of the Corporation and their respective heirs, executors, administrators, legal representatives, successors and assigns, except as otherwise provided herein.

Section 12. Applicability of City Charter, Policies and Procedures. The City Charter and all duly approved City policies and procedures shall apply directly to the Corporation and the Board unless such charters, policies and procedures are superseded by state law or are not related to the functions of the Board. The Board has the discretion, subject to the approval of the City Council, to adopt other policies and procedures in addition to or in place of those policies and procedures of the City.

## ARTICLE VI

### EFFECTIVE DATE, AMENDMENTS

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

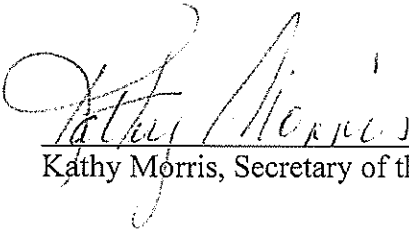
- (a) The recommendation of these Bylaws to the City Council;
- (b) The approval of these Bylaws by the City Council; and
- (c) The approval and adoption of these Bylaws by the Board.

Section 2. Amendments to Articles of Incorporation and Bylaws. The Articles of Incorporation and these Bylaws may be amended in the manner provided in the Article of Incorporation and the Act.

CERTIFICATE OF SECRETARY

I certify that I am the duly elected and acting secretary of the PRINCETON COMMUNITY DEVELOPMENT CORPORATION, and the foregoing Bylaws constitute the Bylaws of the Corporations. These Bylaws were duly adopted at a meeting of the Board of Directors held on the 13th of February, 2014, as approved by the City Council of the City of Princeton, Texas, at a meeting held on the 24th day of February, 2014.

Signed this 27th day of February, 2014.

  
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Kathy Morris, Secretary of the Corporation