

BYLAWS
OF
LA VERNIA MUNICIPAL DEVELOPMENT DISTRICT

SECTION ONE

OFFICES

Principal Office

1.01 The principal office of the La Vernia Municipal Development District (hereinafter referred to as "District") within the State of Texas shall be located at ~~115 W. Chihuahua~~ **102 E Chihuahua St** La Vernia, Texas, ~~78108~~ **78121**.

Registered Office and Registered Agent

1.02 The District shall have a registered agent whose office address is identical to such registered office. The registered office may be, but need not be, identical to the District's principal office in Texas. The registered agent shall be a resident of the State of Texas. The Board of Directors may change the registered office and the registered agent, as provided by law. The registered office of the District is located at ~~115 W. Chihuahua~~ **102 E Chihuahua St, La Vernia, Tx 78121**; and the registered agent at such address shall be the **Executive Director**. ~~The mailing address is Post Office Box 1184~~ **225 La Vernia, Texas 78121**.

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SECTION TWO

PURPOSE/POWERS

2.01 The District is specifically governed by Texas Local Government Code Section 377, et. al., (hereinafter, "the Code").

2.02 The purpose of the District is to use economic development resources as provided by law, to encourage and promote the general economic welfare of the City and its residents and businesses using the ways and means authorized by the state legislature, by the Code and its amendments, and the Charter and ordinances of the City of La Vernia. The District has all powers as provided by the Code.:-

SECTION THREE

BOARD OF DIRECTORS

Management of the District

3.01 The affairs of the District shall be managed by its Board of Directors.

Number, Qualifications, and Tenure of Directors

3.02 Five (5) directors shall be appointed by the La Vernia City Council for two-year terms of office. A director may be removed by the City Council at any time with or without cause. To qualify to serve as a director an individual must ~~meet the requirements of the Code, be a resident within the city limits of the City of La Vernia, Wilson County, Texas, reside in the municipality that created the district or in that municipality's extraterritorial jurisdiction. An employee, officer, or member of the governing body of the municipality may serve as a director, but may not have a personal interest in a contract executed by the district other than as an employee, officer, or member of the governing body of the municipality, as allowed for by state law.~~

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Vacancies

3.03 Any vacancy occurring on the Board of Directors, by reason of death, resignation, disqualification, removal, or otherwise, shall be filled by appointment by the City Council of the City. A director appointed to fill a vacancy shall be appointed for the unexpired term of his or her predecessor in office.

General Duties of the Board

3.04 The Board is hereby required to perform the following duties:

1. The Board shall ~~recommend~~ make expenditures, as allowed by the Code, ~~to City Council~~ in accordance with these bylaws and the ordinances of the City of La Vernia, of the tax funds received by the District.
2. The District may, ~~with approval of the City Council~~, contract with other entities for professional and or administrative services. The Board may plan and direct its work through these contractual entities, who may be charged with the responsibility of carrying out the District plans, programs, and projects as adopted by the Board.
3. The District shall make reports to the City Council of the City of La Vernia. The District shall discharge this requirement by reporting to the City Council in the following manner.

The District shall make a detailed report to the City Council once each year, no later than sixty (60) days after the end of the fiscal year. Such report shall include, but shall not be limited to, the following:

- (a) A review of all expenditures made by the District in connection with its activities involving direct improvements as defined in this article, together with a report of all other expenditures made by the District.
- (b) A review of the accomplishments of the District in the area of economic development.

- (c) The policies and strategy followed by the District in relation to direct expenditures together with any new or proposed changes in said policies and strategy.
 - (d) A review of the activities of the District for the budget year addressed in an annual report, together with any proposed change in an activity or activities.
4. The Board may contract with the City of La Vernia, or with another entity, for administrative services. The Board may plan and direct its work through a designated employee of the City of La Vernia, or other contractual entity, who will be charged with the responsibility of carrying out the District's plans and programs as adopted by the Board.
 5. The Board shall have the authority to appoint standing committees to aid and assist the Board in its business undertaking or other matters incidental to the operation and functions of the Board.
 6. The Board shall have the authority to appoint ad hoc committees that may address issues of a temporary nature or concern or that have a temporary effect on the business of the Board.

Implied Duties

3.05 The District is authorized to do that which the Board deems desirable to accomplish any of the purposes or duties set out in these Bylaws and in accordance with State law.

Meetings

3.06 The Board shall hold no fewer than four (4) regularly scheduled meetings per year, at times and dates to be decided by the Board. The President may call special meetings when, in his/her judgment, such meetings are necessary. Meetings of the District shall be held at City Hall or another facility within the city. If there is no business to discuss, the President shall notify the Board, not less than seventy-two (72) hours prior to the scheduled meeting, that the meeting has been canceled. Notice of any such cancellation shall be posted at City Hall not less than seventy-two (72) hours prior to the regularly scheduled meeting.

Notice of all meetings of the District shall be given to the public in accordance with the requirements of the Texas Open Meetings Act, Chapter 551, *et seq.* of the Texas Government Code. The notice shall contain information regarding the time, date, and location of any such meeting and the agenda items to be considered. All meetings shall be conducted in accordance with the Texas Open Meetings Act.

No meetings of the Board of Directors shall be held outside the boundaries of the City.

Special Meetings

3.07 Special meetings of the Board of Directors may be called by the President on three (3) days notice to each director, in person, by mail, e-mail, or telephone, or upon written request of two (2) directors. Any notice

of a special meeting shall include the purpose of the meeting and the business to be addressed. Should a request for a special meeting be submitted to the President or ~~Secretary~~ by two (2) directors, the President shall determine and notify all directors of the date, time and place of the special meeting to be held.

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Attendance

3.08 Regular attendance at the Board meetings is required of all Board members. The following number of absences may constitute the need for replacement of a member: three (3) consecutive absences or attendance reflecting unexcused absences constituting fifty percent (50%) of the regularly scheduled meetings over any twelve month period. In the event replacement is indicated, the Board member will be counseled by the President and, subsequently, the President shall submit, in writing to the City Secretary, a statement informing City Council of the need to replace the Board member in question.

Quorum

3.09 For the purposes of convening a meeting and transacting the business of the District at any meeting, a majority of the entire membership of the Board shall constitute a quorum. If there is an insufficient number of Directors present to convene a meeting and transact business, the Directors present may delay the meeting for a reasonable period of time, not to exceed two (2) hours, without notice other than announced at the meeting, until a quorum shall be present.

Compensation

3.10 The duly appointed Board members shall serve without compensation, but shall be reimbursed, in accordance with State law, for actual or commensurate costs of travel, lodging, and/or incidental expenses incurred while performing official business of the Board.

Voting; Action of the Board of Directors

3.11 Directors must be present in order to vote at any meeting. Unless otherwise provided in these Bylaws or as required by law, the act of a 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 discussion of the matter and the vote, unless the Board determines that no conflict of interest exists. Any Director may bring any apparent conflict of interest to the attention of the Board before any vote shall be taken regarding that particular matter. The Director who has had the question raised regarding a possible conflict of interest shall refrain from voting on any such matter, unless the Board determines that no conflict of interest exists.

Board's Relationship with City Council

4.123.12 In accordance with State law, the City Council shall require the District to be responsible for the proper discharge of the duties assigned in this Section. ~~All policies for the District's economic development program administration shall be submitted for City 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 District's Bylaws, contracts entered into with the City, the charter and ordinances of the City of La Vernia and budget and fiduciary responsibilities.

Board's Relationship with Administrative
Departments of the City

3.13 Any request for services made to the administrative departments of the City shall be made by the Board or its designee in writing to the Mayor. The Board may take action to request such services at any lawfully scheduled meeting and the minutes of such meeting recording any such request may serve as the written request

SECTION FOUR

OFFICERS

Officers of the District

4.01 The elected officers of the District shall be President, and Vice-President, ~~Secretary, and Treasurer to be elected by vote by the members of the Board.~~ ~~The Board may resolve to elect one (1) or more Assistant Secretaries or one (1) or more Assistant Treasurers as it may consider desirable.~~ Such officers shall have the authority and perform the duties of such offices as the Board may from time to time prescribe ~~or as the Secretary or Treasurer may from time to time delegate to his or her respective Assistant.~~ ~~Any two (2) or more offices may be held by the same person, except that the President may not hold the office of Secretary.~~

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Selection of Officers

4.02 The officers shall be elected by the Board and shall serve for a term of one (1) year. Each officer's term of office shall always be for a period of one (1) year; however, each officer shall continue to serve until the election of his or her successor. Elections shall be held at ~~the~~ an annual meeting of the Board.

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Vacancies

4.03 A vacancy in any office, which occurs by reason of death, resignation, disqualification, removal, or otherwise, may be filled by appointment by the Board of Directors for the unexpired portion of the term of that office, in the same manner as other officers are elected by the Board. Any officer elected by the Board may be removed at any time by the affirmative vote of two-thirds (2/3) of the members of the Board.

President

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

1. to preside over all meetings of the Board;
2. to vote on all matters coming before the Board;
3. to call a special meeting of the Board upon notice to all Board members when, in his/her judgment, such meeting is necessary; and
4. to cancel any regularly scheduled meeting of the Board when there is no business to discuss, provided he/she gives notice to Board members and to the public, of such cancellation, as provided in Section ~~4.07~~ 3.07 hereof.

In addition to the above mentioned duties and authority, the President shall sign, with the ~~Secretary~~ Executive Director of the Board, any deeds, mortgages, bonds, contracts, or other instruments, which the Board of Directors has approved unless execution of said document has been expressly delegated to some other officer or ~~agent~~ employee of the District by appropriate Board resolution, by a specific provision of these Bylaws, or by State statute subject to approval by the City Council. In general, the President shall perform all duties incident to the office, and such other duties as shall be prescribed from time to time by the Board of Directors.

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Vice President

4.05 In the absence of the President, or in the event of his or her inability to act, the Vice President shall perform the duties of the President. When so acting, the Vice President shall have all power of and be subject to all the same restrictions as the President. The Vice President shall also perform other duties as from time to time may be assigned to him or her by the President.

~~Secretary~~

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4.06 ~~The Secretary shall insure that keep, or cause to be kept, at the District's registered office, a record of the minutes of all meetings of the Board and any committee of the Board are kept at the District's office. The Secretary shall insure also file a copy of all such minutes are filed with the City Secretary. Minutes are to be kept in accordance with the provisions of these Bylaws, or as required by the Texas Open Meetings Act, the Texas Open Records Act, or other applicable law. The minutes shall be ratified by the District and it may also amend the minutes if errors are found. The Secretary shall be the custodian of the records and seal of the District, and The Secretary shall keep insure a register of the current mailing address and street address of each Director is kept.~~

~~In addition to the above mentioned duties and authority, the Secretary shall sign, with the President of the Board, any deeds, mortgages, bonds, contracts, or other instruments, which the Board of Directors has approved unless execution of said document has been expressly delegated to some other officer or agent of the District by appropriate Board resolution, by a specific provision of these Bylaws, or by State statute subject to approval by the City Council.~~

Treasurer

~~4.07 The Treasurer shall keep, or cause to be kept, at the District's registered office, a record of all receipts and expenditures of the funds of the District. The Treasurer shall provide a written monthly financial report of income and expenditures, which report shall be mailed or delivered to all members of the Board. The Treasurer shall, in general, perform all the duties incident to that office, and such other duties as may be assigned to him/her from time to time by the President of the Board.~~

~~Assistant Secretaries and Assistant Treasurers~~

~~4.08 The Assistant Secretaries and Assistant Treasurers, if any, shall, in general, perform such duties as may be assigned to him/her by the President or the Board of Directors.~~

Employees

~~4.09~~ 4.08 The District may, ~~with approval by the City Council,~~ contract with the City of La Vernia, or with another entity or ~~hire an individual~~ Executive Director and staff, ~~for such full or part time employees as~~ needed to carry out the development projects of the District. ~~These e~~ Employees shall perform those duties ~~outlined in such contract as and~~ assigned to them by the Board.

Contracts for Service

~~4.10~~ 4.09 The District may contract with any qualified and appropriate person, association, District, or governmental entity to perform and discharge designated tasks, which will aid or assist the Board in the costs of planning, acquiring, establishing, developing, constructing, or renovating one or more development projects in the District. However, no such contract shall ever be approved or entered into if such contract seeks or attempts to divest the Board of Directors of any of its discretion and policy-making functions in discharging the duties set forth in this Section.

SECTION FIVE

COMMITTEES

Qualifications for Committee Membership

5.01 Members of committees shall be appointed by the Board.

Standing Committees

5.02 The Board of Directors may create standing or special committees with such duties and powers as the Board deems appropriate.

Special Committees

5.03 No such committee shall have the independent authority to act for or in place of the Board of Directors with regard to the following manners: amending, altering, or repealing these Bylaws; electing, appointing, or removing any member of any such committee or any Director or Officer of the District; ~~amending the District's Articles of InDistrict;~~ adopting a plan of merger or adopting a plan of lease, exchange, or mortgage of all or substantially all of the property and assets of the District; authorizing the voluntary dissolution of the District or revoking any proceeding thereof; adopting a plan for the distribution of the assets of the District; or amending, altering, or repealing any resolution of the Board of Directors, which by its terms provides that it shall not be amended, altered, or repealed by such committee.

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 upon it or upon him/her by law.

Term of Office of Committee Members

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

Any committee member may be removed from a committee by the Board whenever in its judgment the best interests of the District would be served by such removal.

Vacancies on Committees

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

SECTION SIX

FINANCIAL ADMINISTRATION

6.01 The District may employ the City or another authorized agent to perform the District's financial and accounting requirements, including an annual audited financial statement of all funds. The District's financing and accounting records shall be maintained according to the following guidelines:

Fiscal Year

6.02 The fiscal year of the District shall run concurrently with the City of La Vernia.

Budget

6.03 ~~At least sixty (60) days prior to the commencement of each fiscal year of the District, 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 Council. The budget shall not be effective until the same has been approved by the City Council. The fiscal year for the District shall commence on October 1 and end on September 30 of the following year. The Board's budget shall be approved by the La Vernia City Council no later than the City Council's regular September Council Meeting.~~

Development Project Fund

6.04 The District shall establish by resolution a fund known as the Development Project Fund. The District may establish Separate accounts within the fund. The District shall deposit into the Development Project Fund gifts, donations and 1) the proceeds from any sales and use tax imposed by the District and 2) all revenue from the sale of bonds or other obligations by the District. The Development Project Fund shall be within a local bank, which shall be federally insured and shall be selected following the procedures and requirements for selecting a depository as set forth in Chapter 105 of the Texas Local Government Code.

Contracts

6.05 As provided in Section Four above, the President and ~~Secretary~~ **Executive Director** shall execute any contracts or other instruments, which the Board has approved and authorized to be executed; however, the Board may by appropriate resolution, authorize any other officer or officers or any other agent or agents, to enter into contracts or execute and deliver any instrument in the name and on behalf of the District. Such authority may be confined to specific instances or defined in general terms. When appropriate, the Board may grant a specific or general power of attorney to carry out some action on behalf of the Board; however, no such power of attorney may be granted unless an appropriate resolution of the Board authorizes the same to be performed, subject to approval by City Council.

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Checks and Drafts

6.06 All checks, drafts, or orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the District shall be approved by the Board and signed or bear the facsimile signature of the Board President or Vice President.

Gifts

6.07 The District may accept any contribution, gift, bequest, or device for the general purpose or for any special purpose of the District.

Purchasing

6.08 All purchases made and contracts executed by the District shall be made in accordance with the requirements of the Texas Constitution and laws of the State of Texas.

Bonds

6.09 Any bonds issued by the District shall be in accordance with the governing statute, but in any event, bonds shall not be issued without review and comment by the City's bond counsel and financial advisor and approval by the City Council.

Annual Audit

6.10 The City of La Vernia, or any other contractual entity providing financial services to the District, shall provide to the Board of Directors an annual audited financial statement of all funds. This audit shall be prepared by a competent independent audit firm as soon as practical following the end of each fiscal year. The District's audit shall be submitted annually to the City Council of the City of La Vernia, Texas inclusive with the City of La Vernia's Comprehensive Annual Financial Report, as soon as practical following the end of the District's and City's fiscal year.

Conflicts of Interest

6.11 Directors are required to comply with all applicable state and local conflict of interest laws.

SECTION SEVEN

BOOKS AND RECORDS

The District shall keep correct and complete books and records of all actions of the District, including books and records of accounts and the minutes of meetings of the Board of Directors and of any committee having any authority of the Board and to the City Council. All such books and records may be inspected by the City Council and the Directors of the District, or his/her agents or attorneys, at any reasonable time; and any information that may be designated by law as public information shall be open to public inspection at any reasonable time. The Texas Open Records Act and the Texas Open Meetings Act shall apply to any disclosure of public information.

SECTION EIGHT

PARLIAMENTARY AUTHORITY

Amendments to Bylaws

These Bylaws may be amended or repealed, and new Bylaws may be adopted, by an affirmative vote of not less than four (4) of the authorized Directors serving on the Board; however, at least ten (10) days prior to the meeting at which such action is taken, written notice setting forth the proposed action shall be given to all Directors, and to the public in accordance with the requirements of the Texas Open Meetings Act.

Notwithstanding the foregoing, no amendment or new Bylaw shall become effective until approved by the City Council.

SECTION NINE

INDEMNITY

The District hereby agrees to indemnify and hold harmless each current or future Director or Officer of the District 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; however, such Officer or Director shall not receive such indemnification if he/she is finally adjudicated to be liable for negligence or misconduct with respect to the matter for which indemnity is sought. 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 case, extend this indemnification to cover the good faith settlement of any such action, suit, or proceedings, whether formally instituted or not.

Furthermore, to the extent allowed by law, the District agrees to indemnify and hold harmless and defend the City of La Vernia, 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 attorneys' fees and other reasonable costs arising out of or resulting from the District's activities, and from any liability arising out of or resulting from the intentional acts or negligence, including all such causes 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 District, including but not limited to its officers, agents, employees, licensees, invitees, and other persons.

It is further agreed that, with respect to the above indemnity, the City and the District will provide each other with prompt and timely notice of any event covered that in any way, directly or indirectly, contingently or otherwise, affects or might affect the District or the City, and the City 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 and not an exclusive remedy.

CERTIFICATE

This is to certify that the foregoing is a true and correct copy of the Bylaws of the District and that were duly adopted by the Board of Directors of the District on the date set forth below.

Adopted, as amended, by the Board of Directors of the La Vernia Municipal Development District on the 11th day of October, 2012.

ATTEST:

Secretary of the District

These Bylaws were approved by Resolution No. _____, adopted by the City Council of the City of La Vernia on the _____ day of October, 2012.