

**BYLAWS OF
REINVESTMENT ZONE NUMBER ONE
CITY OF MELISSA, TEXAS
(TAX INCREMENT REINVESTMENT ZONE)**

ARTICLE I

PURPOSE AND POWERS

Section 1. Development or Redevelopment in the Zone. In order to promote the development and redevelopment of a certain area within its jurisdiction the City of Melissa, Texas (the "City") has authorized the creation of reinvestment Zone Number One, City of Melissa, Texas (Tax Increment Reinvestment Zone) (the "Zone"), as authorized by the Tax Increment Financing Act, Chapter 311, Texas Tax Code, as amended (the "Act"), and pursuant to the Act has established a Board of Directors for the Zone ("Board of Directors" or "Board").

Section 2. Powers. The property and affairs of the Zone shall be managed and controlled by the City Council based on the recommendations of the Board of Directors, subject to the restrictions imposed by law, the ordinance creating the Zone, and these Bylaws. It is the intention of the City Council that the Board of Directors shall function in an advisory capacity with respect to the Zone and shall exercise only those powers which are either granted to the Board pursuant to the Act or delegated to the Board by the City Council.

ARTICLE II

BOARD OF DIRECTORS

Section 1. Powers, Number and Term of Office. As set forth in the ordinance creating the Zone, the Board of Directors shall consist of seven directors; six of whom shall be appointed by the City Council of the City and one appointed by the governing body of Collin County, Texas (County); provided that the Melissa Independent School District and the Collin County Community College District have declined to participate in said Zone; and provided, however, that if a taxing unit (other than the City) waives its right to appoint a member to the Board the City may appoint such Board member in its stead.

The initial Board of Directors shall serve for an initial term ending either December 31, 2006 or December 31, 2007 or until his or her successor is appointed. Length of initial terms shall be determined by the Board following By-Law adoption, it being the intent of this provision to establish staggered terms by having 3 terms expire in December of 2006.

Subsequent directors shall be appointed by the governing bodies of the City and County and shall serve for two year terms beginning from the date of appointment or until their

successors are appointed by the respective governing bodies. There shall be no limitation on the number of terms to which a Director may be reappointed.

In the event of a vacancy caused by the ineligibility, resignation, death or removal, for any reason, of a director, the governing body of the respective taxing unit (i.e. City or County) which made such Board appointment shall be responsible for filling the vacancy.

Section 2. Meetings of Directors. The directors may hold their meetings within a building accessible to the public in the City as the Board of Directors may from time to time determine.

Section 3. Regular Meetings. Regular Meetings of the Board of Directors shall be held at such times and places as shall be designated from time to time, by the Board of Directors. Notice of all regular and emergency meetings of the Board and any committees thereof shall be conducted and posted in accordance with the provisions of the Texas Open Meetings Act, Texas Government Code, Chapter 551.001 et seq. There shall be at least one Regular Meeting held each year in the month of May.

Section 4. Emergency Meetings. Emergency Meetings of the Board of Directors shall be held whenever called by the chairman, by the secretary, by a majority of the directors then in office or upon advice of or request by the City Council.

The secretary shall give notice to each director of each Emergency Meeting in person, or by courier, facsimile, telephone, telegraph, or electronic mail, at least 24 hours before the meeting. Notice of all Emergency Meetings shall state the purpose which shall be the only business conducted.

Section 5. Quorum. A majority of the directors holding current appointments shall constitute a quorum for the consideration of matters pertaining to the purposes of the Zone. The act of the majority of the directors present at a meeting at which a quorum is in attendance shall constitute the act of the Board of Directors, unless the act of a greater number is required by law.

Section 6. Conduct of Business. At the meetings of the Board of Directors, matters pertaining to the purposes of the Zone shall be considered in such order as from time to time the Board of Directors may determine.

At all meetings of the Board of Directors, the chairman shall preside and in the absence of the chairman, the vice chairman shall exercise the power of the chairman.

The secretary of the Board of Directors shall act as secretary of all meetings of the Board of Directors, but in the absence of the secretary, the presiding officer may appoint any person to act as secretary of the meeting. City staff shall provide notice of meetings and prepare meeting agendas.

Within five business days following each Regular and Emergency Meeting, a copy of the minutes of the meeting shall be submitted to the City Secretary of the City.

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

Section 8. Attendees. Board Members shall make every effort to attend all Regular and Emergency Meetings of the Board and/or Committees. The City Council may replace a City appointee of the Board or request replacement of an appointee from other taxing jurisdiction for non-attendance.

Section 9. Books and Records: Approval of Programs and Financial Statements. The Board of Directors shall keep correct and complete books and records of account and shall also keep minutes of its proceedings and the proceedings of committees having any of the authority of the Board of Directors. All books and records of the Zone may be inspected by any director or his agent or attorney for any proper purpose at any reasonable time; and at all times the City Council and the City Auditor will have access to the books and records of the Zone. The City Council must approve all programs and expenditures for the Zone and annually review any financial statements of the Zone.

ARTICLE III

OFFICERS

Section 1. Titles and Term of Office. The officers of the Zone shall consist of a chairman, a vice chairman, a secretary, and such other officers as the Board of Directors may from time to time elect or appoint; provided, however, that the City Council shall, on an annual basis, appoint the chairman in accordance with the Act. One person may hold more than one office, except that the chairman shall not hold the office of secretary. Terms of office for officers, other than the chairman, shall not exceed two years.

All officers, other than the chairman, shall be subject to removal from office, with or without cause, at any time by a vote of a majority of the entire Board of Directors.

A vacancy in the office of any officer, other than the chairman, shall be filled by a vote of a majority of the directors.

Section 2. Powers and Duties of the Chairman. The chairman shall be the chief executive officer of the Board of Directors and, subject to the approval of the City Council, he/she shall be in general charge of the properties and affairs of the Zone and shall preside at all meetings of the Board of Directors.

Section 3. Vice Chairman. The vice chairman shall be a member of the Board of Directors, shall have such powers and duties as may be assigned to him by the Board of

Directors and shall exercise the powers and duties as may be assigned to him by the Board of Directors and shall exercise the powers of the chairman during that officer's absence or inability to act. Any action taken by the vice chairman in their performance of the duties of the chairman shall be conclusive evidence of the absence or inability to act of the chairman at the time such action was taken.

Section 4. Secretary. The secretary may be a member of the Board of Directors or may be a member of the City Staff, as determined by the Board of Directors and shall keep the minutes of all meetings of the Board of Directors in books provided for the purpose, he/she shall have charge of such books, records, documents and instruments as the Board of Directors may direct, all of which shall at all reasonable time be open to inspection, and he/she shall in general perform all duties incident to the office of secretary subject to the control of the City Council and the Board of Directors.

Section 5. Compensation. Officers as such shall not receive any salary or compensation for their services, except that they shall be reimbursed for their actual expenses incurred in the performance of their duties hereunder and in the event the secretary shall be a member of the City Staff, said individual shall not receive any compensation other than as provided by the City.

Section 6. Staff. Staff functions for the Board of Directors may be performed by the City Administrator / City Manager and / or his designee.

ARTICLE IV

PROVISIONS REGARDING BYLAWS

Section 1. Effective Date. These Bylaws shall become effective upon the adoption of these Bylaws by the Board of Directors. The adoption of these Bylaws must be approved by the City Council, which approval shall, unless specified otherwise, affirm such effective date.

Section 2. Amendments to Bylaws. These Bylaws may be amended by majority vote of the Board of Directors, provided that the Board of Directors files with the City Council a written application requesting that the City Council approve such amendment to the Bylaws, specifying in such application the amendment or amendments proposed to be made. If the City Council by appropriate resolution finds and approves the form of the proposed amendment, the Board of Directors shall proceed to amend the Bylaws.

After providing notice to the Directors, the Bylaws may also be amended at any time by the City Council by adopting an amendment to the Bylaws by resolution of the City Council and delivering the Bylaws to the secretary of the Board of Directors.

Section 3. Interpretation of Bylaws. These Bylaws and all the terms and provisions hereof shall be liberally construed to the effectuate the purposes set forth herein. If any

word, phrase, clause, sentence, paragraph, section or other part of these Bylaws, or the application thereof to any person or circumstance, shall ever be held to be invalid or unconstitutional by any court of competent jurisdiction, the remainder of these Bylaws and the application of such word, phrase, clause, sentence, paragraph, section or other part of these Bylaws to any other person or circumstance shall not be affected thereby.

ARTICLE V

GENERAL PROVISIONS

Section 1. Notice and Waiver of Notice. Whenever any notice whatsoever is required to be given under the provision of these Bylaws, said notice shall be deemed to be sufficient if given by depositing the same in a post office box in a sealed postpaid wrapper addressed to the person entitled hereto at his post office address, as it appears on the books of the Zone, and such notice shall be deemed to have been given on the day of such mailing. Attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purposes of objecting to the transaction of any business on the grounds that the meeting is not lawfully called or convened. A waiver of notice in writing signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

Section 2. Resignations. Any director or officer may resign at any time. Such resignation shall be made in writing and shall take effect at the time specified therein, or, if no time be specified, at the time of its receipt by the City Council. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

Section 3. Approval or Delegation of Power by the City Council. To the event that these Bylaws refer to any approval by the City, such approval of delegation shall be evidenced by official action of the City Council.

Section 4. Official Office and Records Repository. Melissa City Hall shall be the official office for the Zone and all records of the Zone shall be maintained by City Staff in said City Hall.

**BYLAWS OF
REINVESTMENT ZONE NUMBER ONE
CITY OF MELISSA, TEXAS
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(December 15, 2005 Revised Draft)**

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successors are appointed by the respective governing bodies. There shall be no limitation on the number of terms to which a Director may be reappointed.

In the event of a vacancy caused by the resignation, death or removal, for any reason, of a director, the governing body of the respective taxing unit (i.e. City or County which made such Board appointment shall be responsible for filling the vacancy.

Section 2. Meetings of Directors. The directors may hold their meetings within a building accessible to the public in the City as the Board of Directors may from time to time determine.

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All officers, other than the chairman, shall be subject to removal from office, with or without cause, at any time by a vote of a majority of the entire Board of Directors.

A vacancy in the office of any officer, other than the chairman, shall be filled by a vote of a majority of the directors.

Section 2. Powers and Duties of the Chairman. The chairman shall be the chief executive officer of the Board of Directors and, subject to the approval of the City Council, he/she shall be in general charge of the properties and affairs of the Zone and shall preside at all meetings of the Board of Directors.

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Directors and shall exercise the powers and duties as may be assigned to him by the Board of Directors and shall exercise the powers of the chairman during that officer's absence or inability to act. Any action taken by the vice chairman in their performance of the duties of the chairman shall be conclusive evidence of the absence or inability to act of the chairman at the time such action was taken.

Section 4. Secretary. The secretary may be a member of the Board of Directors or may be a member of the City Staff, as determined by the Board of Directors and shall keep the minutes of all meetings of the Board of Directors in books provided for the purpose, he/she shall have charge of such books, records, documents and instruments as the Board of Directors may direct, all of which shall at all reasonable time be open to inspection, and he/she shall in general perform all duties incident to the office of secretary subject to the control of the City Council and the Board of Directors.

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