

**~~SECOND~~ AMENDED BYLAWS OF
~~MCKINNEY AIRPORT- COLLIN COUNTY AIRPORT~~ DEVELOPMENT
CORPORATION**

~~(January 12, 2008)~~

**A Texas Local Government Corporation created on behalf of the City of
McKinney, Texas**

ARTICLE I

PURPOSES

The ~~MCKINNEY AIRPORT DEVELOPMENT CORPORATION COLLIN COUNTY AIRPORT DEVELOPMENT CORPORATION~~ (the "Corporation") is hereby organized and will be operated in accordance with one or more governmental, charitable or public purposes, within the meaning of Sections 115 or 501(c)(6) of the Internal Revenue Code of 1986, as amended (the "Code"). The Corporation is organized for the purpose of aiding, assisting, and ~~acting on behalf~~ advising of the City of McKinney, Texas (the "City") in the performance of its governmental functions to promote the common good and general welfare of the City, and to aid in ~~promote~~ ion, development, encouragement and maintenance of aeronautical facilities, commerce and development in the City.

The Corporation is further organized to aid, assist and advise ~~act on behalf of~~ the City regarding by financing, constructing, owning, managing and operating facilities related to the Collin County Regional Airport ("CCRA") or its successors, together with land and improvements related thereto.

The Corporation is formed pursuant to the provisions of Subchapter D of Chapter 431, Texas Transportation Code (the "Act"), as it now or may hereafter be amended, which authorizes the Corporation to assist and act on behalf of the City and to engage in activities in the furtherance of the purposes for its creation.

The Corporation shall have and exercise all of the rights, powers, privileges, authority, and functions given by the general laws of Texas to non-profit corporations incorporated under the Act including, without limitation, Article 1396, Vernon's Texas Civil Statutes (the Texas Non-Profit Corporation Act).

The Corporation shall have all other powers of a like or different nature not prohibited by law which are available to non-profit corporations in Texas and which are necessary or useful to enable the Corporation to perform the purposes for which it is created, including the power to issue bonds, notes or other obligations, and otherwise exercise its borrowing power to accomplish the purposes for which it was created; ~~provided, however, that the Corporation shall not issue any bond, certificate, note or~~

~~other obligation evidenced by an instrument without the written consent of the City and except as authorized under Section 3 of Article IV Financial Responsibilities of these Bylaws.~~

The Corporation is created as a local government corporation pursuant to the Act and shall be a governmental unit within the meaning of Subdivision (2), Section 101.001, Texas Civil Practice and Remedies Code. The operations of the Corporation are governmental and not proprietary functions for purposes of the Texas Tort Claims Act, Section 101.001 et seq., Texas Civil Practice and Remedies Code. The Corporation shall have the power to acquire land in accordance with its annual budget and with the Act as amended from time to time.

All references herein to the consent or written consent of the City shall refer to an ordinance or resolution of the City Council (the "Council") of McKinney, Texas.

ARTICLE II

BOARD OF DIRECTORS

Section 1. Appointment, Powers, Number, and Term of Office. All powers of the Corporation shall be vested in a Board of Directors ("Board") and is expressly provided herein. ~~The Board shall independently manage and operate the Collin County Regional Airport ("CCRA") in accordance with all applicable laws and documents, including the Articles of Incorporation, these Bylaws, all grant assurances from the City to the Federal Aviation Administration, and such other documents agreed to. Any such documents may be amended from time to time as authorized under these Bylaws.~~

The Board shall initially consist of seven (7) persons. The number of Directors on the Board may ~~only~~ be increased or decreased at the sole discretion of the City Council ~~in accordance with these Bylaws.~~ Directors of the Corporation ("Director" or "Directors") shall be appointed to the Board as follows:

(a) The Council shall be entitled to appoint each Director to the Board. The number of Directors shall increase or decrease at the Council's discretion. However, the number of Directors shall never be less than five (5) and the Board shall always be composed of an odd number. The City Council shall appoint ~~one (1)~~ ex officio, non-voting, members s to act as the City Council liaisons to the Board as the Council deems necessary.

~~For the initial Board, the terms shall be staggered with three of the Directors serving a two (2) year term and the remaining four Directors serving a full three (3) year term. Thereafter, e~~Each Director shall serve a for a three (3) year terms consistent with City Council Policy on Board and Commission Appointment and Eligibility, or until his or her successor is appointed by the Council; provided, however, upon the death, resignation or removal of a Director, the Council shall appoint a replacement Director to

serve for the unexpired term of office of the replaced Director. ~~No term limits are imposed by these Bylaws.~~ Any restriction as to term is governed by the Council.

(b) Any Director may be removed from office at any time, with or without cause, by the Council. Any Director who fails to attend at least 75% of the regular meetings shall be subject to immediate removal.

(c) All Directors shall have full and equal voting rights. All references herein to an act, resolution or vote of the Directors shall refer to a vote of the Directors entitled to vote on the matter as provided herein.

~~(d)~~—The Council may appoint ~~appointed~~ Directors that shall may satisfy any of the following criteria for appointment to the Board:

- ~~i.~~ Four (4) Directors shall be either residents of the City or shall own or be employed by a business having one of its primary locations in the City; ~~and~~
- ~~ii.~~ Two (2) Directors shall be either residents of Collin County or shall own or be employed by a business having one of its primary locations in Collin County; ~~and~~
- ~~iii.~~ One (1) Director shall be a resident of the City.

Section 2. Meetings of Directors. The Directors may hold their meetings at such place or places as the Board may from time to time determine within Collin County; provided, however, in the absence of any such determination, such place shall be at either CCRA, the offices of the MEDC, or City Hall in the City of McKinney, Texas. The Board shall have an office and keep the books of the Corporation within the City of McKinney, Texas.

The Board shall meet in accordance with and file notice of each meeting of the Board for the same length of time and in the same manner and location as is required of a City under Chapter 551, Texas Government Code (the "Open Meetings Act").

The Corporation, the Board, and any committee of the Board exercising the powers of the Board are subject to Chapter 552, Texas Government Code (the "Open Records Act").

~~*Section 3. Annual Meetings.* The annual meeting of the Board shall be held at the time and at the location in Collin County designated by the resolution of the Board for the purposes of transacting such business as may be brought before the meeting.~~

Section 43. Regular Meetings. Regular meetings of the Board shall be held at least quarterly at son a monthly basis, such times and places as shall be designated, from time to time, by resolution of the Board.

Section 54. Special and Emergency Meetings. Special and emergency meetings of the Board shall may be held whenever called by the President of the Board, ~~or~~ the Secretary, ~~or~~ by a majority of the Directors who are serving duly appointed terms of office at the time the meeting is called, or by the City Council.

The Secretary shall give notice of each special meeting in person, by telephone, facsimile, mail or email at least three (3) days before the meeting to each Director and to the public in compliance with the Open Meetings Act. Notice of each emergency meeting shall also be given in the manner required of a city under Section 551.045 of the Open Meetings Act. Unless otherwise indicated in the notice thereof, any and all matters pertaining to the purposes of the Corporation may be considered and acted upon at a special or emergency meeting. ~~At any meeting at which every Director shall be present, even though without any notice, any matter pertaining to the purposes of the Corporation may be considered and acted upon to the extent allowed by the Open Meetings Act.~~

Section 65. Quorum. A majority of the Board then appointed and serving shall constitute a quorum for the consideration of matters pertaining to the purposes of the Corporation. If at any meeting of the Board there is less than a quorum present, a majority of those present may adjourn the meeting. The act of a majority of the Directors present and voting at a meeting at which a quorum is in attendance shall constitute the act of the Board, unless the act of a greater number is required by law, by the Articles of Incorporation, or by these Bylaws.

A Director who is present at a meeting of the Board at which any corporate action is taken shall be presumed to have assented to such action unless his dissent or abstention shall be entered in the minutes of the meeting or unless he shall file his written dissent or abstention to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent or abstention by registered mail to the Secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent or abstain shall not apply to a Director who voted in favor of the action.

Section 76. Conduct of Business. At the meetings of the Board, matters pertaining to the purpose of the Corporation shall be considered in such order as the Board may from time to time determine.

At all meetings of the Board, the President shall preside, and in the absence of the President, the Vice President shall preside. In the absence of the President and the Vice President, an acting President shall be chosen by the Board from among the Directors present.

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 87. Executive Committee, Other Committees. The Board may, by resolution passed by a majority of the Directors, designate two (2) or three (3) Directors to constitute an executive committee or other type of committee. In addition, the Board may appoint members of Corporation staff and citizens of the City to be members of a committee, except for an Audit, Compensation or Governance Committee, which committees may only be composed of Directors.

Each committee so designated shall keep regular minutes of the transactions of its meetings and shall cause such minutes to be ~~approved in the same manner as all posted meetings by the Board and the City Council, recorded in books kept for that purpose in the office of the Corporation, and shall report the same to the Board from time to time.~~ Committees are subject to the regulations which apply to committees of government entities.

Section 98. Compensation of Directors. Directors, as such, shall not receive any salary or compensation for their services as Directors; provided, however, Directors may be reimbursed for reasonable and necessary expenses incurred in carrying out the Corporation's purposes.

Section 409. Director's Reliance on Consultant Information. A Director shall not be liable if while acting in good faith and with ordinary care, he or she relies on information, opinions, reports or statements, including financial statements and other financial data, concerning the Corporation or another person that were prepared or presented by:

- (a) one or more other officers or employees of the Corporation;
 - (b) an employee of the City;
 - (c) legal counsel, public accountants, or other persons as to matters the officer reasonably believes are within the person's professional or expert competence;
- or,
- (d) a committee of the Board of which the Director is not a member.

~~*Section 11. Executive Director.* The Board is authorized to hire an Executive Director who shall serve at the pleasure of the Board. The Board shall establish the compensation, duties and other responsibilities of the Executive Director. The hiring and/or removal of the Executive Director shall be by a majority vote of a quorum of the Board.~~

ARTICLE III

OFFICERS

Section 1. Titles and Term of Office. The officers of the Corporation shall be a President, one or more Vice Presidents, a Secretary, 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 the President shall not hold the office of Secretary. The term of office for each officer shall commence on the date of such officer's election and terminate on the earlier of: (a) the date that the officer is replaced by the Board; or (b) if the officer is a member of the Board, the date that the officer is no longer a member of the Board.

All officers shall be appointed and subject to removal, with or without cause, by a vote of a majority of the Board.

A vacancy in any office shall be filled by a vote of a majority of the Board.

Section 2. Powers and Duties of the President. The President shall be a member of the Board and shall preside at all meetings of the Board. He or she shall have such duties as are assigned by the Board. The President may call special or emergency meetings of the Board. In furtherance of the purposes of the Corporation and subject to the limitations contained in the Articles of Incorporation, ~~the President or Vice President may sign and execute all bonds, notes, deeds, conveyances, franchises, assignments, mortgages, notes, contracts and other obligations in the name of the Corporation. The~~ President shall be an ex-officio member of all committees.

Section 3. Powers and Duties of the Vice President. A Vice President shall be a member of the Board and shall have such powers and duties as may be assigned to him or her by the Board or the President, including the performance of the duties of the President upon the death, absence, disability, or resignation of the President, or upon the President's inability to perform the duties of his or her office. 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 City's Finance Department shall have the responsibility to the disbursement, custody and security of all funds and securities of the Corporation in accordance with these Bylaws and statutes governing the Corporation formed under the Act. The treasurer shall maintain the financial reports provided by the City's Finance Department. . Treasurer shall have custody of all the funds and securities of the Corporation which come into his or her hands. When necessary or proper, he or she may endorse, on behalf of the Corporation, for collection, checks, notes and other obligations and shall deposit the same to the credit of the Corporation in such bank or banks or depositories as shall be designated in the manner prescribed by the Board; he or she may sign all receipts and vouchers for payments made to the Corporation, either alone or jointly with such other officer as is designated by the Board; he or she shall enter or cause to be entered regularly in the books of the Corporation to be kept by him or her for that purpose full and accurate accounts of all moneys received and paid out on account of the Corporation; he or she shall perform all acts incident to the position of Treasurer subject to the control of the Board, including the monitoring and audit of all cash accounts whose existence must first be approved by the Board; and he or she shall, if required by the Board, give such bond for the faithful discharge of his or her duties in such form as the Board may require.~~

Section 5. Secretary. ~~The Secretary 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 the papers as the Board may direct, all of which shall at all reasonable time 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.~~

~~shall keep the minutes of all meetings of the Board in books provided for that purpose; he or she shall attend to the giving and serving of all notices; in furtherance of the purposes of the Corporation and subject to the limitations contained in the Articles of Incorporation, he or she may sign with the President in the name of the Corporation and/or attest the signatures thereof, all contracts, conveyances, franchises, bonds, deeds, assignments, mortgages, notes and other instruments of the Corporation; he or she shall have charge of the Corporation's books, records, documents and instruments, except the books of account and financial records and securities of which the Treasurer shall have custody and charge, and such other books and papers as the Board may direct, all of which shall at all reasonable times be open to the inspection of any Director upon application at the office of the Corporation during business hours; and, he or she shall in general perform all duties incident to the office of Secretary subject to the control of the Board. The Secretary shall submit a copy of all corporation minutes and actions to the City Secretary within a reasonable time after a meeting.~~

Section 6. Subcommittee on Airport Compliance. The Board shall maintain a standing subcommittee of three (3) members on Airport Compliance which shall hear issues of compliance, community relations and business relations between the Airport and affected users, landowners, citizens and non-residents.

Section 7. Compensation. All Officers are entitled to receive reimbursement for their reasonable expenses only in performing their functions in accordance with policies adopted by the Board.

Section 8. Officer's Reliance on Consultant Information. In the discharge of a duty imposed or power conferred on an officer of the Corporation, the officer may in good faith and with ordinary care rely on information, opinions, reports, or statements, including financial statements and other financial data, concerning the Corporation or another person, that were prepared or presented by:

- (a) one or more other officers or employees of the Corporation, including members of the Board;
 - (b) legal counsel, public accountants, or other persons as to matters the officer reasonably believes are within the person's professional or expert competence;
- or,
- (c) an employee of the City.

ARTICLE IV

FINANCIAL RESPONSIBILITIES

Section 1. Audit. Within one hundred eighty (180) days of the close of each fiscal year, the Board shall have an annual audit prepared by the City's independent auditor

who is duly licensed or certified as a public accountant in the State of Texas of the financial books and records of the Corporation.

Section 2. Corporation Spending Authority: The Board may expend funds for maintenance, operations, and capital improvements to CCRA as follows:

(a) Funds from the City shall be used solely for the purposes of the Corporation as authorized and directed by the Council in the Corporation's approved annual budget.

(b) The Council shall have the sole power to approve, reject or modify the Corporation's proposed budget annually.

(c) The Council shall fund the Corporation's budget with general fund revenues sufficient to pay maintenance, operations, and project obligations for the respective fiscal year.

(d) In addition to funding capital projects within the Corporation's budget, the Council may separately approve projects in the City's annual budget and fund said projects.

(e) The Board shall advise and recommend to the City Council concerning execution of ~~oversee the execution of~~ capital projects, including, but not limited to planning, contracting, negotiating and engaging the necessary professional consultants therefor, except in those instances where FAA Grant Assurances require the City to be the sole contracting party or sole responsible party for a specific project.

(f) The Board shall conduct all business in accordance with the Airport Master Plan. The Board shall seek and receive Council approval of amendments to the Airport Master Plan prior to making expenditures inconsistent therewith.

(g) All agreements approved by the Board wherein the City is a contracting party and which are contemplated by an approved budgeted project and which do not otherwise require City Council approval under the City's Home Rule Charter, ordinances or FAA Grant Assurances, as determined by the City Attorney, shall be executed by the City Manager on behalf of the City. All approvals of leases of CCRA property shall require a ~~two-thirds (2/3)~~ majority ~~or greater~~ of a quorum of the Board and ratification by the City Council.

(h) City employees may be used by the Board as shared or contract employees for purposes of obtaining city benefits. Said employees duties and supervision shall be subject to the sole control of the Board. The Board shall contract with the City for administrative services in processing payroll, insurance, and all other corporate expenditures.

Section 3. Issuance of Debt. Subject to the express consent of the Council prior to issuance, the Board may issue short-term debt and long-term debt. Where possible, the amount and purpose of debt issuance shall be projected by the Corporation in its annual budget to the Council; however budget approval shall not constitute approval of a specific debt issuance.

Section 4. Corporation Expenditures Subject to FAA Rules. FAA Grant Assurances and rules shall supersede and control over all Board actions relative to expenditures at CCRA.

Section 5. Fiscal Year. The fiscal year of the Corporation shall begin October 1 of each year.

Section 6. Annual Budget. No later than ~~90 days July 15th prior to the beginning of each fiscal year~~, the Board shall prepare, or cause to be prepared, and approve a budget (the "Budget") for each fiscal year. The Budget shall include a Strategic Plan describing the short and long-term goals and objectives of the Corporation. The Budget must be approved by a majority or greater vote of the entire Board. After approval by the Board, the Budget shall be submitted to the Council for final approval. If the Board fails to approve the Budget, or if the Board's proposed Budget is not approved by the Council, then the City Council shall set the Corporation's budget.

Section 7. Line Item Flexibility. The Board has the authority to shift operation and maintenance funds from one line item to another.

~~*Section 8. Budget Funding.* Upon proper request by the Board or the Executive Director, the City shall fund expenditures in the Corporation's budget in accordance with the then-existing financial policies of the City.~~

~~*Section 9. Management Contract for City-Owned Property.* The Corporation shall execute an agreement with the City describing the Corporation's obligations for operating and maintaining City-owned real and personal property.~~

Section 108. Re-appropriation of Budgeted Funds. Any budgeted funds for capital projects remaining at the end of the fiscal year shall be automatically re-appropriated for one (1) additional fiscal year to allow the ~~Corporation~~City to initiate the capital project.

Section 119. Other Funds. Other funds may be used by the Board in accordance with the approved budget or if not anticipated in the budget as the Board directs providing the limitation set out in Section 4 above, or a capital cost of \$25,000 is not exceeded.

ARTICLE V

INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 1. Right to Indemnification. Subject to the limitations and conditions as provided in this Article V and the Articles of Incorporation, each person who was or is made a party or is threatened to be made a party to or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitral or investigative (hereinafter a "proceeding"), or any appeal in such a proceeding or any inquiry or investigation that could lead to such a proceeding, by reason of the fact that he or she, or a person of whom he or she is the legal

representative, is or was a Director or officer of the Corporation or while a Director or officer of the Corporation is or was serving at the request of the Corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise shall be indemnified by the Corporation to the fullest extent permitted by the Texas Non-Profit Corporation Act, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment) against judgments, penalties (including excise and similar taxes and punitive damages), fines, settlement and reasonable expenses (including, without limitation, attorneys' fees) actually incurred by such person in connection with such proceeding, and indemnification under this Article V shall continue as to a person who has ceased to serve in the capacity which initially entitled such person to indemnify hereunder. The rights granted pursuant to this Article V shall be deemed contract rights, and no amendment, modification or repeal of this Article V shall have the effect of limiting or denying any such rights with respect to actions taken or proceedings arising prior to any such amendment, modification or repeal. It is expressly acknowledged that the indemnification provided in this Article V could involve indemnification for negligence or under theories of strict liability.

Section 2. Advance Payment. The right to indemnification conferred in this Article V shall include the right to be paid in advance or reimbursed by the Corporation the reasonable expenses incurred by a person of the type entitled to be indemnified under Section I who was, is or is threatened to be made a named defendant or respondent in a proceeding in advance of the final disposition of the proceeding and without any determination as to the person's ultimate entitlement to indemnification; provided, however, that the payment of such expenses incurred by any such person in advance of the final disposition of a proceeding, shall be made only upon delivery to the Corporation of a written affirmation by such Director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification under this Article V and a written undertaking, by or on behalf of such person, to repay all amounts so advanced if it shall ultimately be determined that such indemnified person is not entitled to be indemnified under this Article V or otherwise.

Section 3. Indemnification of Employees and Agents. The Corporation, by adoption of a resolution of the Board, may indemnify and advance expenses to an employee or agent of the Corporation to the same extent and subject to the same conditions under which it may indemnify and advance expenses to Directors and officers under this Article V; and the Corporation may indemnify and advance expenses to persons who are not or were not Directors, officers, employees or agents of the Corporation but who are or were serving at the request of the Corporation as a Director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise against any liability asserted against him or her and incurred by him or her in such a capacity or arising out of his or her status as

such a person to the same extent that it may indemnify and advance expenses to Directors under this Article V.

Section 4. Appearance as a Witness. Notwithstanding any other provision of this Article V, the Corporation may pay or reimburse expenses incurred by a Director or officer in connection with his or her appearance as a witness or other participation in a proceeding involving the Corporation or its business at a time when he or she is not a named defendant or respondent in the proceeding.

Section 5. Non-exclusivity of Rights. The right to indemnification and the advancement and payment of expenses conferred in this Article V shall not be exclusive of any other right which a Director or officer or other person indemnified pursuant to Section 3 of this Article V may have or hereafter acquire under any law (common or statutory), provision of the Articles of Incorporation or these Bylaws, agreement, vote of shareholders or disinterested Directors or otherwise.

Section 6. Insurance. The Corporation may purchase and maintain insurance, at its expense, to protect itself and any person who is or was serving as a Director, officer, employee or agent of the Corporation or is or was serving at the request of the Corporation as a Director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic corporation, partnership, joint venture, proprietorship, employee benefit plan, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under this Article V.

Section 7. Notification. Any indemnification of or advance of expenses to a Director or officer in accordance with this Article V shall be reported in writing to the members of the Board with or before the notice of the next regular meeting of the Board and, in any case, within the 12-month period immediately following the date of the indemnification or advance.

Section 8. Savings Clause. If this Article V or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify and hold harmless each Director, officer or any other person indemnified pursuant to this Article V as to costs, charges and expenses (including attorneys' fees), judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative, to the full extent permitted by any applicable portion of this Article V that shall not have been invalidated and to the fullest extent permitted by applicable law.

ARTICLE VI

EXECUTIVE DIRECTOR

Powers and Duties of the Executive Director. The Executive Director shall be the principal executive officer of the Corporation and, subject to the control of the Board, he or she shall be in general charge of the properties and affairs of the Corporation. The Executive Director shall be an at-will employee of the [CityBoard](#). The Executive Director has management and control of the properties and operations of the

Corporation, including the powers of a general manager. The Executive Director shall be an ex-officio member of all Board committees, except the Audit Committee. The Executive Director shall be responsible to implement all orders and resolutions of the Board of Directors, and all other powers that are not specifically reserved to the Directors or the Council, will be executed by the Executive Director within the general guidelines and policies of the Board, the ordinances of the City, and the FAA Grant Assurances and rules. The Board shall be responsible for the hiring of the Executive Director subject to ratification by a majority of the City Council. The Director shall not be terminated unless ratified by a majority vote of the Board of Directors and a majority vote of the City Council in open session.

The Executive Director shall be responsible for hiring and firing of the employees of the Corporation. All employees hired by the Executive Director shall be terminable at-will and not be provided any term or promise of employment.

The Board may grant the Executive Director authority to approve contracts and expenditures up to a stated limit without Board approval as long as funds are budgeted and are available for the expenditure.

ARTICLE VII

CODE OF ETHICS

Section 1. Policy and Purposes.

(a) It is the policy of the Corporation that Directors and officers conduct themselves in a manner consistent with sound business and ethical practices; that the public interest always be considered in conducting corporate business; that the appearance of impropriety be avoided to ensure and maintain public confidence in the Corporation; and that the Board establish policies to control and manage the affairs of the Corporation fairly, impartially, and without discrimination.

(b) This Code of Ethics has been adopted as part of the Corporation's Bylaws for the following purposes: (a) to encourage high ethical standards in official conduct by Directors and corporate officers; and (b) to establish guidelines for such ethical standards of conduct.

Section 2. Conflicts of Interest

(a) *Abide by State and Criminal Laws for Public Officers.* All directors, officers and employees shall abide by the state civil and criminal laws regarding conflict of interest, official misconduct and other regulations and restrictions involving their official duties.

(b) *Disclosure and Abstention.* It is the intent of these Bylaws, that the Directors, Executive Director and officers shall take all steps to avoid the appearance of impropriety in the conduct of their affairs on behalf of the Corporation. This includes not engaging in any conduct, business that may be deemed to compromise their independent judgment in executing their duties as Corporation officials. In the event that a Director, officer, or

Executive Director has any financial or equitable interest, direct or indirect, in a transaction that comes before the Board or the Executive Director, the affected Director, officer or Executive Director, must:

- (i) disclose that interest in writing and file it with the Board Secretary; and,
- (ii) refrain from discussing or voting on the same.

(c) *Restrictions on Executive Director.* The Executive Director is precluded from having any financial or equitable interest in any contract, service or acquisition that is subject to his approval or that his subordinates may approve or monitor.

(d) *Definition of Financial Interest/Relative.* The "financial interest" contemplated under (b) and (c) of this Article requires that the affected person who is the Director, officer, or Executive Director or their relative receive an actual financial benefit from the transaction with the Corporation. A relative is a person related within the first degree of consanguinity or affinity to the Director, officer, or Executive Director. A financial or equitable interest does **not** include the following:

- (i) An ownership in the entity transacting business with the Corporation where the ownership interest is less than one percent (1%).
- (ii) Compensation as an employee, officer or director of the entity transacting business with the Corporation where such compensation is not affected by the entity's transaction with the Corporation.
- (iii) An investment or ownership in a publicly held company in an amount less than TEN THOUSAND DOLLARS (\$10,000.00).
- (iv) An employee of a public entity may serve on the Board.

Section 3. Acceptance of Gifts. No Director or officer shall accept any benefit as consideration for any decision, opinion, recommendation, vote or other exercise of discretion in carrying out official acts for the Corporation. No Director or officer shall solicit, accept, or agree to accept any benefit from a person known to be interested in or likely to become interested in any contract, purchase, payment, claim or transaction involving the exercise of the Director's or officer's discretion. As used here, "benefit" does not include:

(a) a fee prescribed by law to be received by a Director or officer or any other benefit to which the Director or officer is lawfully entitled or for which he gives legitimate consideration in a capacity other than as a Director or officer;

(b) a gift or other benefit conferred on an account of kinship or a personal, professional, or business relationship independent of the official status of the Director or officer;

(c) an honorarium in consideration for legitimate services rendered above and beyond official duties and responsibilities if:

- (1) not more than one honorarium is received from the same person in a calendar year;

(2) not more than one honorarium is received for the same service;
and

(3) the value of the honorarium does not exceed \$250 exclusive of reimbursement for travel, food, and lodging expenses incurred by the Director or officer in performance of the services.

(d) A benefit consisting of food, lodging, transportation, or entertainment accepted as a guest and reported as may be required by law.

Section 4. Nepotism. No Director or officer shall appoint, or vote for, or confirm the appointment to any office, position, clerkship, employment or duty, of any person related within the second degree by affinity or within the third degree of consanguinity to the Director or officer so appointing, voting or confirming, or to any other Director or officer. This provision shall not prevent the appointment, voting for, or confirmation of any person who shall have been continuously employed in any such office, position, clerkship employment or duty at least thirty (30) days prior to the appointment of the Director or officer so appointing or voting.

ARTICLE VIII

MISCELLANEOUS PROVISIONS

Section 1. Seal. The seal of the Corporation shall be such as may be from time to time approved by the Board.

Section 2. Notice and Waiver of Notice. Whenever any notice, other than public notice of a meeting given to comply with the Open Meetings Act, is required to be given under the provisions of these Bylaws, such notice shall be deemed to be sufficient if given by electronic mail transmittal or by depositing the same in a post office box in a sealed postpaid wrapper addressed to the person entitled thereto at his or her post office address, as it appears on the books of the Corporation, and such notice shall be deemed to have been given on the day of such transmittal or mailing. If transmitted by facsimile or email, such notice shall be deemed to be delivered upon successful transmission of the facsimile or email. A Director may waive notice of any meeting. The attendance of a Director at any meeting shall constitute a waiver of notice of such meeting unless such attendance is for the purpose of objecting to the failure of notice. A waiver of notice, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

Section 3. Resignations. Any Director, officer or committee member may resign at any time. Such resignations 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 resignations shall not be necessary to make it effective, unless expressly so provided in the resignation.

Section 4. Gender. References herein to the masculine gender shall also refer to the feminine in all appropriate cases and vice versa.

Section 5. Appropriations and Grants. The Corporation shall have the power to request, through its Executive Director, and accept any appropriations, grant, contribution, donation, or other form of aid from the federal government, the State, any political subdivision, or municipality in the State, the McKinney Economic Development Corporation, the McKinney Community Development Corporation, or from any other source.

Section 6. Reports. No later than one hundred eighty (180) days following the end of each fiscal year, the Board shall submit to the City the following: its (1) Annual Report; and (2) Annual Audit.

ARTICLE IX

AMENDMENTS

A proposal to alter, amend or repeal these Bylaws shall be made by the affirmative vote of a majority of the full Board then appointed and serving at any annual or regular meeting, or a any special meeting if notice of the proposed amendment be contained in the notice of said special meeting. However, any proposed change or amendment to the Bylaws must be approved in writing by the City to be effective.

PASSED AND APPROVED EFFECTIVE THIS ___ DAY OF _____,
2008 by the Board of Directors of the Corporation.

Chair of the Board of Directors

Attest:

Secretary of the Board