

**MORGAN'S POINT RESORT ECONOMIC DEVELOPMENT CORPORATION
CORPORATE BYLAWS**

These Bylaws (referred to as the "Bylaws") govern the affairs of the Morgan's Point Resort Economic Development Corporation, a public instrumentality and a non-profit corporation (hereinafter referred to as the "Corporation") created under the Development Corporation Act, Chapter 501 et seq of the Texas Local Government Code (hereinafter referred to as the "Act"). Masculine pronouns used in these Bylaws shall be understood to include the feminine gender.

**Article I.
Purpose**

1.01 The Corporation is organized exclusively for the purpose of benefiting and accomplishing public purposes of the City of Morgan's Point Resort, Texas, by promoting, assisting and enhancing economic development activities for the City as provided by the Development Corporation Act, Chapter 501 et seq. of the Texas Local Government Code, as amended. The Corporation has no members and is a non-stock corporation.

**Article II.
Registered Office and Agent**

2.01 The registered office of the Corporation shall be maintained at 8 Morgan's Point Resort Boulevard, City of Morgan's Point Resort, Bell County, Texas, 76513, where the corporation shall maintain a registered office and the registered agent as provided in the Act. The Board of Directors shall be authorized to establish additional offices as well, and to change the location of any office of the Corporation.

**Article III.
Board of Directors
Management of the Corporation and General Powers**

3.01 The affairs of the Corporation shall be managed by a Board of Directors appointed by the Mayor and the City Council of the City of Morgan's Point Resort. All voting rights shall be vested solely in the Board, whose members shall serve without compensation. In addition to the powers and authorities expressly conferred upon them by these Bylaws, the Board of Directors may exercise all such powers of the Corporation and do all lawful acts

and things as are not prohibited by statute or by the Charter or by these Bylaws. Without prejudice to such general powers and other powers conferred by statute, by the Charter and by these Bylaws, it is expressly declared that the Board of Directors shall have the following powers, to-wit:

1. To purchase, or otherwise acquire for the Corporation, any property, rights, or privileges which the Corporation is authorized to acquire, at such price or consideration and generally on such terms and conditions as they think fit; and at their discretion to pay therefore either wholly or partly in money, stock, bonds, debentures, or other securities of the Corporation as may be lawful.

2. To create, make and issue notes, mortgages, bonds, deeds of trust, trust agreements and negotiable or transferable instruments and securities, secured by mortgage or deed of trust on any real property of the Corporation or otherwise, and to do every other act or thing necessary to effect the same.

3. To sell or lease the real or personal property of the Corporation on such terms as the Board may see fit and to execute all deeds, leases and other conveyances or contracts that may be necessary for carrying out the purposes of this Corporation.

3.02 The Board shall be composed of seven (7) Directors who shall serve at the pleasure of the City Council. Directors will be selected based on interest in the work of the Corporation, special expertise and civic service.

Terms of Office

3.03 All members shall be appointed for a term of two (2) years. Seven (7) at large members shall be appointed by the City Council. No more than four (4) of these members may also be members of the City Council.

Vacancies

3.04 Any vacancy occurring in the Board of Directors will be filled by appointment of the City Council of Morgan's Point Resort. The replacement director shall serve the remainder of the term of the position.

Board Attendance

3.05 Unless special consideration is granted by the Board to accommodate directors who are temporarily inactive for good cause, any director who is absent

from three (3) consecutive regular or special meetings of the Board may be asked to resign.

Duties of Directors

3.06 Directors shall exercise ordinary business judgment in managing the affairs of the Corporation. Directors shall act as fiduciaries with respect to the interests of the citizens of the City of Morgan's Point Resort. In acting in their official capacity as Directors of this Corporation, Directors shall act in good faith and take actions they reasonably believe to be in the best interests of the Corporation and that are not unlawful. In all other instances, the Board of Directors shall not take any action that they should reasonably believe would be opposed to the Corporation's best interests or would be unlawful. A Director shall not be liable if the Director acts in good faith relying on written financial and legal statements provided by an accountant or attorney retained by the Corporation.

Article IV. Officers

Officer Positions

4.01 The officers of the Corporation shall be a President of the Board, a Vice-President and a Secretary, each of whom shall be members of the Board. Offices may not be held by the same person. The officers shall have all powers specified in the Bylaws, as amended from time to time, and all powers authorized under the Act and the Texas Non-Profit Corporation Act, or its successor.

Election and Terms of Office

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

President

4.03 The President shall be chief executive officer of the Corporation. He shall generally supervise and control all of the business and affairs of the Corporation and shall preside at all meetings of the Board of Directors. The President shall perform all duties incident to the office and other duties prescribed from time to time by the Board of Directors. He may execute deeds, mortgages, bonds, contracts or other instruments that the Board of Directors has authorized to be executed. However, he may not execute instruments on behalf of the Corporation if this power is expressly delegated to another officer or agent of the Corporation by the Board of Directors, the Bylaws, or statute. The President shall appoint the members of all standing and other committees unless composition is otherwise provided for in the Bylaws, and shall appoint all committee chairs.

Vice President

4.04 A Vice-President shall be elected or appointed by the Board of Directors. The Vice-President shall perform such duties as assigned to him by the Board of Directors. In the absence of the President, or if the President is unable or refuses to act, the Vice-President shall perform the duties of President and have all the powers and be subject to all the restrictions of that office.

Secretary

4.05 The Secretary shall be the custodian of the Corporate records. The Secretary shall record and keep or cause to be recorded and kept all votes and minutes of the meetings of the Board. The Secretary shall further give or cause to be given notice of all meetings of the Board of Directors and its committees, and shall perform such other duties as may be prescribed by the Board of Directors or President. The Secretary may designate one or more Assistant Secretaries who may be employees of the Corporation to assist in the administration of the Corporate records.

Executive Director

4.07 If the Board of Directors determines that an Executive Director should be appointed, the Executive Director shall be the general manager and chief administrative officer of the Corporation, and subject to the supervision of the Board, shall perform such duties as may be incident to his office or specifically delegated to him by the Board. The Executive Director shall serve at the pleasure of the Board and receive such compensation as the Board may determine from time to time. The Executive Director, as general manager and chief

administrative officer, shall be responsible for policy and program implementation and for all operations of the Corporation, including hiring, supervising and dismissing employees as well as defining and assigning their work. The Executive Director shall be a non-voting, ex-officio member of the Board of Directors and any other committees created by the Board of Directors. The Executive Director shall compile and submit to the Board regular reports and recommendations regarding the programs, policies and business affairs of the Corporation.

**Article V.
Ex-Officio Directors**

5.01 The Mayor and the City Council of the City of Morgan's Point Resort may appoint individuals with special qualifications as ex-officio directors of the Corporation. Ex-officio directors shall be given notice of all meetings of the Board, may participate in discussions at Board meetings, but shall not be entitled to vote on matters considered by the Board. The Board may recommend individuals to the Mayor and City Council for service as ex-officio directors.

5.02 The Mayor, if not otherwise serving as a director, shall serve as an ex-officio director.

**Article VI.
Board Committees
Committees Authorized**

6.01 The Board of Directors may establish and delegate specified authority to additional standing and ad hoc committees from time to time. A committee may include persons who are not directors of the Corporation. The Board of Directors may establish qualifications for membership on a committee.

In addition, the Board of Directors may authorize subcommittees from time to time and charge them with clear and specific duties. Subcommittees will operate under the general rules governing the Board committees and the general oversight of the Executive Director and Vice-President or Board Committee Chair.

The establishment of a committee shall not relieve the Board of Directors, or any individual director of any responsibility imposed by the Bylaws or otherwise imposed by law. No committee shall have the authority of the Board of Directors to:

- (a) Amend the articles of incorporation.

- (b) Adopt a plan of merger or a plan of consolidation with another corporation.
- (c) Authorize the sale, lease, exchange or mortgage of any of the property and assets of the Corporation.
- (d) Authorize the voluntary dissolution of the Corporation.
- (e) Revoke proceedings for the voluntary dissolution of the Corporation.
- (f) Adopt a plan for the distribution of the assets of the Corporation.
- (g) Amend, alter, or repeal the Bylaws.
- (h) Elect, appoint or remove a member of a committee or director or officer of the Corporation.
- (i) Approve any transaction to which the Corporation is a party or undertake any action that involves a potential conflict of interest as defined in paragraph 8.04 below.
- (j) Take any action outside the scope of authority delegated to it by the Board of Directors.
- (k) Take final action on a matter that requires the approval of the Board of Directors.
- (l) Commit Corporation funds without the prior approval of the Board of Directors.
- (m) Undertake any other matters appropriate to the authority of the Board of Directors.

Committee Terms

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

Rules

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

Article VII. Meetings

Regular Meetings

7.01. The Board of Directors shall provide for at least one (1) annual meeting which shall be held within thirty (30) days of the meeting at which the new City Council is sworn in. It shall be held at a time and place convenient to Board members and designated by the Board President and may be held in conjunction with a special called or regular meeting of the Morgan's Point Resort City Council.

Special Meetings

7.02. Special meetings of the Board of Directors may be called by the President, the Mayor, or upon written request of at least three (3) directors. Any notice of a special meeting shall contain a summary of the business or proposals to be brought before the special meeting. Should a Director's request for a special meeting be submitted to the President and filed in the Executive Director's office by three (3) Directors, the President shall determine and notify all directors in writing of the date, time, and place of the special meeting within three (3) days of the receipt of the Directors' request, and the meeting shall be held within ten (10) days of the receipt of the Directors' request.

Notice

7.03. Written or printed notice of each regular meeting of the Board of Directors shall be delivered to each Director by mail, fax, electronic mail, in person, or other means not less than three (3) days before the date of the meeting. If mailed, a notice shall be deemed to be delivered when deposited in the U. S. mail addressed to the person at his address as it appears in the records of the Corporation, with postage paid. The notice shall state the place, day and time of the meetings. In the case of special meetings, notice may be issued to Directors by mail, telephone, fax, electronic mail, or in person at least three (3) days before

the date of the meeting, and in addition to place, date and time, shall include who called the meeting and the purpose for which the special meeting is called. Attendance of a Director at a meeting shall constitute a waiver of notice of that meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

Quorum

7.04. Four (4) directors currently serving shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. The Directors present at a duly called or held meeting at which a quorum is present may continue to transact business even if enough Directors leave the meeting so that less than a quorum remains. However, no action may be approved without the vote of at least a majority of the number of directors required to constitute a quorum.

Action of Board of Directors

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

Proxies

7.06. A director may not vote by proxy.

Open Meetings

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

Article VIII.

Corporate Duties, Transactions, and Responsibilities Annual Work plan and Performance Evaluation

8.01. The Board of Directors shall research, develop, prepare, and submit to the City Council for its approval an annual work plan which shall set out goals and objectives of the Corporation, including but not limited to short-term and long-term goals for the economic development of the City, proposed methods for the elimination of unemployment and underemployment, goals and objectives for the utilization of funds to promote the expansion and development of a sound industrial and manufacturing base for and within the City, and any other similar goals and objectives deemed appropriate by the Board and the City Council. The Board shall review and update the plan each year prior to submission of the annual budget required by other provisions of these Bylaws. In addition, the Board shall accompany each subsequent work plan following the initial work plan with a performance evaluation detailing the Board's achievements of its prior goals and objectives during the course of the previous fiscal year.

Annual Corporate Budget

8.02. At least sixty (60) days prior to the commencement of each fiscal year of the Corporation, the President or Executive Director shall file with the City Secretary a proposed budget of expected revenues and proposed expenditures for the next ensuing fiscal year. The budget shall contain such classifications and shall be in such form as may be prescribed from time to time by the City Council. The Board shall discuss, modify, if necessary, and then adopt the budget. The budget shall not be effective until the same has been approved by the City Council. No expenditure may be made from the approved budget until required notice has been run in the City's paper of record as required by law.

Limitations

8.03. The Corporation shall spend no more than ten percent (10%) of the Corporate revenues for promotional purposes and may contract with other

existing private corporations to carry out industrial development programs consistent with the purposes and duties as set out in these Bylaws and as set out in the Act.

Deposit and Investment of Corporate Funds

8.04. All proceeds from the issuance of bonds, notes, or other debt instruments issued by the Corporation shall be deposited and invested as provided in the resolution, order, indenture, or other documents authorizing or relating to their issuance. All other monies of the Corporation shall be deposited, secured, and/or invested in the manner provided for the deposit, security, and for investment of the public funds of the City of Morgan's Point Resort. The Board shall designate the accounts and depositories to be created and designated for such purposes, and the methods of withdrawal of funds therefrom for use by and for the purposes of the Corporation upon the signature of its President and Secretary and such other members as the Board shall designate. The Board shall also provide for the reconciliation and investment of such funds and accounts. If agreed to by separate contract between the City and the Corporation, the accounts, reconciliation, and investment of such funds and accounts may be performed by the finance department of the City of Morgan's Point Resort. The Corporation shall pay reasonable compensation for such services to the City.

Contracts

8.05. The Board of Directors may by official action as specified herein, authorize any officer or agent of the Corporation to enter into a contract or execute and deliver any instrument in the name of and on behalf of the Corporation. This authority may be limited to a specific contract or instrument or it may extend to any number and type of possible contracts and instruments.

Gifts

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

Potential Conflicts of Interest

8.07. The Corporation shall not make a loan to a Director or officer of the Corporation. A Director, officer or committee member of the Corporation may lend money to and otherwise transact business with the Corporation except as otherwise provided by the Bylaws, Articles of Incorporation and all applicable laws. Such a person transacting business with the Corporation has the same rights and obligations relating to those matters as other persons transacting business with the Corporation. The Corporation shall not borrow money from or otherwise transact business with a Director, officer or committee member of the Corporation unless the transaction is described fully in a legally binding instrument and is in the best interests of the Corporation. The Corporation shall not borrow money from or otherwise transact business with a Director, officer or committee member of the Corporation without full disclosure of all relevant facts and without the approval of the Board of Directors, not including the vote of any person having personal interest in the transaction.

Prohibited Acts

8.08. As long as the Corporation is in existence, no director, officer or committee member of the Corporation shall:

(a) Do any act in violation of the Bylaws or a binding obligation of the Corporation.

(b) Do any act with the intention of harming the Corporation nor any of its operations.

(c) Do any act that would make it impossible or unnecessarily difficult to carry on the intended or ordinary business of the Corporation.

(d) Receive an improper personal or business benefit from the operation of the Corporation.

(e) Use the assets of the Corporation, directly or indirectly, for any purpose other than carrying on the business of the Corporation.

(f) Wrongfully transfer or dispose of Corporation property, including intangible property such as good will.

(g) Use the name of the Corporation (or any substantially similar name) or any trademark or trade name adopted by the Corporation, except on behalf of the Corporation in the ordinary course of the Corporation's business.

(h) Disclose any of the Corporation business practices, trade secrets or any other information not generally known to the business community to any

person not authorized to receive it.

(i) Commit Corporation funds without the prior approval of the Board of Directors.

Provided further, however, that the Corporation shall not have the power to own or operate any project as a business other than as lessor, seller, or lender or pursuant to the requirements of any trust agreement securing the credit transaction. In addition, the user pursuant to any lease, sale, or loan agreement relating to a project shall be considered to be the owner of the project for the purposes of the application of any ad valorem, sales, and use taxes or any other taxes levied or imposed by the State of Texas or any political subdivision of the State of Texas. The purchase and holding of mortgages, deeds of trust, or other security interests and contracting for any servicing thereof shall not be deemed the operation of a project.

**Article IX.
Books, Records, Audits**

Maintenance of Records

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

Compliance with State Law

9.02. All records shall be kept and administered in accordance with the Texas Open Records Act, Section 552.001 et seq., Texas Government Code.

Inspection

9.03. Any member of the City Council of the City of Morgan's Point Resort, Director or officer of the Corporation may inspect and receive copies of all books and records of the Corporation required to be kept by the Bylaws. Any person entitled to inspect and copy the Corporation's books and records may do so through his attorney or other fully authorized representative. The Board of Directors may establish reasonable fees for copying the Corporation's books and records by members. Consistent with the obligations and limitations of the Texas Open Records Act, the Corporation shall provide requested copies of books or records no later than ten (10) working days after the Corporation's receipt of proper written notice.

Audits

9.04. The Corporation shall cause its books, records, accounts, and financial statements, and all other activities for the previous fiscal year to be audited at least once each fiscal year by an outside independent certified public accounting firm selected by the Corporation and approved by the City Council. Any such audit shall be performed in accordance with generally accepted auditing procedures (GAAP) and shall include a written management letter which details suggested management controls and operating efficiencies. The management letter shall include, but not be limited to, recommendations for improving cost

reductions, recommendations for increasing revenues, and recommendations for increasing productivity and safeguarding assets. Each audit shall be prepared and submitted annually to the City Council of the City of Morgan's Point Resort, Texas, for approval within one hundred twenty (120) days after the end of the Corporation's fiscal year. Any such audit shall be performed at the expense of the Corporation.

**Article X.
Fiscal Year**

10.01. The fiscal year of the Corporation shall run concurrently with the City of Morgan's Point Resort, beginning on the first day of October and ending on the last day in September in each year.

**Article XI.
Amendments to Bylaws**

11.01. The Board of Directors, by the affirmative vote of a majority of the Board, may alter, amend, or repeal the Bylaws or adopt new Bylaws at any regular meeting, or any special meeting providing that notice be given not less than three (3) days prior to such meeting and that such notice contain a copy of the proposed amendment or amendments. Said amendments shall be effective only upon approval by the City Council of the City of Morgan's Point Resort, Texas.

Legal Construction

11.02. If any Bylaw provision is held to be invalid, illegal or unenforceable in any respect, the invalidity, illegality or unenforceability shall not effect any other provision and the Bylaws shall be construed as if the invalid, illegal or unenforceable provision had not been included in the Bylaws.

**Article XII.
Indemnification and Insurance
Corporation to Indemnify**

12.01. The Corporation shall indemnify any Director or officer or former Director or officer of the Corporation against judgment, penalties (including excise and similar taxes), fines, settlements, and reasonable expenses, including court costs and attorneys' fees actually incurred by such person in

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

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

Corporation May Provide Insurance

12.02. The Corporation may purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee, or agent of the Corporation to insure such person against any liability asserted against said person by reason of such person being or having been a Director, officer, employee, or agent of the Corporation. The premiums for such insurance shall be paid for by the Corporation.

Article XIII. Parliamentary Authority

13.01. Robert's Rules of Order, Newly Revised, shall be the parliamentary - authority for all matters of procedure not specifically covered by the Bylaws or any specific rules of procedure adopted by this Board.

Article XIV.
Dissolution of the Corporation

14.01. The Corporation is a non-profit corporation. Upon dissolution, all of the Corporation's assets shall be distributed to the City of Morgan's Point Resort.

Adopted by the Board of Directors on _____, 2010.

President: _____

Secretary: _____