

Rules and Regulations Of The
GOLIAD MUNICIPAL DEVELOPMENT DISTRICT
GOLIAD, TEXAS

SECTION 1-AUTHORITY

- 1.01 The Goliad Municipal Development District [hereinafter referred to as ["GMDD"]] is authorized and was created pursuant to Chapter 377 of the Texas Local Government Code [hereinafter referred to as "the Code"] of the State of Texas and of the City of Goliad, and is bound by the rules promulgated under the Code.

SECTION 2-PURPOSE

- 2.01 The purpose of the GMDD shall be to promote and/or develop new or expanding business enterprises in the spirit of economic and community development in accordance with the Code. The GMDD shall have all the powers enumerated in the Code, except as limited by these Rules and Regulations or vote of the Goliad City Council [hereinafter referred to as the "Council"].

SECTION 3-BOARD OF DIRECTORS

- 3.01 Board of Directors. The business and affairs of the GMDD shall be exercised by or under the authority of a Board of Directors [hereinafter referred to as the "Board"]., appointed by the Council.

- 3.02 Number and Qualifications. The authorized number of Directors shall be nine (9), with at least one of whom shall be a member of the Council. All directors must reside in either the city limits or the extraterritorial jurisdiction of the City of Goliad.

The Council shall consider an individual's expertise, experience, accomplishments and educational background in appointing members to the Board to ensure that the interests and concerns of all segments of the community are considered.

An employee, officer or member of the City of Goliad may serve as a director, but may not have a personal interest in a contract executed by the GMDD, other than as an employee, officer or member of the Council or the City of Goliad.

- 3.03 Compensation. A director is not entitled to compensation, but is entitled to reimbursement for actual and necessary expenses.

- 3.04 Officers of the Board. The Board shall designate from the members of the Board, a President, a Vice President and a Secretary. The Board staff shall serve as the recording secretary. The Finance Officer of the City of Goliad shall serve as the Finance Officer for the GMDD.

- 3.05 General Duties of the Board. The Board is hereby required to perform the following duties:

1. The Board shall develop and periodically review and economic plan for the City of Goliad [hereinafter referred to as "the City"]. The Board shall set forth both long term and short term goals. The overall economic development plan for the City should include the following elements:
 - a. An economic development strategy to permanently bolster the business climate throughout the City;

- b. Strategies to fully utilize the assets of the City which enhance economic development;
- c. An annual work plan outlining the activities, tasks, projects and programs to be undertaken by the Board during the upcoming fiscal year.
- d. The Board shall expend, in accordance with state law, the tax funds received by it, on direct economic development where such expenditures will have a direct benefit to the citizens of Goliad and its extraterritorial jurisdiction. As used in this section, "direct economic development" shall mean the expenditure of such tax funds for programs that directly accomplish or aid in the accomplishment of creating identifiable new jobs or retaining identifiable existing jobs, including job training/or planning, and research activities necessary to promote said job creation or other economic benefits to the City and it's extraterritorial jurisdiction. The Boards focus will primarily be in the area of:
 - i. Business Development
 - ii. Work Force Development
 - iii. Infrastructure Development
 - iv. Facility Development

2. The Board shall make a detailed annual report to the Council in May of each year, and at such other times as requested by the Council. Such report shall include, but not be limited to, the following:

- a. A review of all the expenditures made by the Board in connection with their activities involving direct economic development as previously defined, together with a report on all other expenditures made by the Board.
- b. A review of accomplishments of the Board in the area of direct economic development.
- c. The policy and strategies followed by the Board in relation to the direct economic development together with any new or proposed changes in policy or strategies.
- d. A review of the activities of the Board in areas of endeavor other than direct economic development together with any proposed changes in such activities.
- e. The annual report shall be considered by Council for its review and approval.

3.06 Tenure. The City Council shall initially appoint the directors for staggered two year terms. The Council member term shall coincide with his or her elected term of office. Following that term, the Council member may be re-elected to the Board or another member may be reelected. Initially, the Council shall appoint four [4] members for one year terms and four [4] members for two year terms. Thereafter, vacated or expired terms shall be filled by appointment by the Council as they arise. Members shall only serve three [3] consecutive two-year terms, at the end of which, they must resign for one year prior to reappointment.

3.07 Removal. Directors shall be removable at any time by majority vote of the Council at any properly noticed meeting.

SECTION 4-MEETINGS

- 4.01 Meetings Held Monthly. The Board shall hold a regular meeting at least monthly at the Goliad City Hall, or other designated place. At such time and date as the Board shall designate. Any member of the Board may request that an item be placed on the agenda by delivering the same in writing to the President of the Board, no later than seven [7] days prior to the date of the Board meeting. In the event the President determines that there is no new business and no need for a meeting, the President may cancel a monthly meeting, however, the Board shall meet at least once during each quarter of the fiscal year.
- 4.02 Open Meeting. The Board shall comply with all requirements of the Texas Open Meetings Act, Chapter 551, Texas Government Code.
- 4.03 Attendance. Regular attendance at the Board's meetings is required by all members of the Board and the attendance record of each Board member shall be submitted to the Council prior to any re-appointment to the Board. The following number of absences may constitute the need for replacement of a member by the Council: three [3] consecutive absences from regularly scheduled meeting or attendance reflecting absences constituting 50% of the meetings over a 12 month period. In the event either of the above occurs, the President shall give written notice of such fact to both the Board member and the Council.
- 4.04 Quorum. A simple majority of the directors then serving on the Board shall constitute a quorum for purposes of transacting the business of the GMDD.
- 4.05 Voting; Action of the Board of Directors. Directors must be present in order to vote at any meeting. 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 or voting on that topic. In absence of a conflict of interest, each Director present at the meeting shall vote for or against each item brought before the Board.
- 4.06 Board's Relationship with City Council. The City Council hereby requires that the Board be responsible to it for the proper discharge of its duties. All policies for program administration shall be submitted for Council approval and the Board shall administer said programs accordingly. The Board shall determine its policies and direction within the limitations of the duties imposed by applicable laws, these Rules and Regulations, contracts entered into with the City Council and budget and fiduciary responsibilities.
- 4.07 Board's Relationship With Administrative Departments of the City. The City shall provide certain administrative and staff services as outlined in a separate contract between the City of Goliad and the GMDD. Any request for additional services shall be made by the Board, or its designee, in writing to the City Administrator. The Board shall prepare a proposal for reimbursement for the costs of such services. Any requests for legal assistance may be made by the Board or its designee to the City Attorney. The City Attorney may provide such assistance when such services are available. When such services are unavailable, the Board may obtain other Counsel.

SECTION 5-OFFICERS

- 5.01 Selection of Officers. The Board shall appoint from among its members, individuals to hold offices of President, Vice president and Secretary. The term of office for each of these offices shall be for a period of one year; provided, however, that such officers shall continue to serve until election of their successor.

5.02 Vacancies. Vacancies in any office which occur by reason of death, resignation, disqualification, removal or otherwise, may be filled by the Board of Directors for the unexpired term portion of the term of that office, in the same manner as other officers are appointed by the Board.

5.03 President. The President shall be the Chief Executive Officer of the GMDD, and shall:

1. Preside over all meetings of the Board;
2. Have the right to vote on all matters coming before the Board;
3. Have the authority, upon proper notice to all the board, to call a special meeting of the Board when in his or her judgment such meeting is required;
4. Have the authority to appoint ad hoc committees which may address issues of a temporary affect on the business of the Board, or to study and advise the Board as to specific issues that will assist the Board in carrying out its functions;
5. In addition to the above mentioned duties, the President shall sign, with the Secretary of the Board, any deed, mortgage bonds, contracts, or other instruments which both the Board and Council have approved, unless the execution of said document has been expressly delegated to some other officer or agent of the Board by the appropriate Board resolution, by specific provision of these Rules and regulations, or by statute.

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 or by Council.

5.04 Vice President. 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 the power of and be subject to all the same restrictions as upon 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.

5.05 Secretary. The Secretary shall set guidelines and oversee the recording, preparation and safekeeping of the minutes. The minutes shall be recorded, prepared and kept in safekeeping by GMDD staff. The Secretary shall attest to the minutes and perform such other duties as may be required by the Board. The Secretary shall cause all meetings to be posted in accordance with the Texas Open Meetings Act.

5.06 Contracts for Service. The Board may, with approval of Council, contract with any qualified and appropriate person, association, corporation or governmental entity to perform and discharge designated tasks which will aid or assist the Board in the performance of its duties. No such contract shall ever be approved or entered into which seeks or attempts to divest the Board of its discretion and policy-making functions in discharging the duties herein above set forth in this section.

Section 6-Committees

The Board may determine from time to time that committees are necessary or appropriate to assist the Board, and shall designate, subject to Board approval, the members of the respective committees. No such committee shall have independent authority to act for or in the stead of the Board.

Section 7-Financial Administration and Bonds

- 7.01 Financial Services. The Board will contract with the City of Goliad for financial and accounting services. Financial reports shall be given on a monthly basis. In the event the Board fails to meet in any given month, the financial report shall be given at the next regularly scheduled meeting.
- 7.02 Audit. The financial records of the MGDD shall be audited as a part of the annual audit of the City of Goliad.
- 7.03 Fiscal Year. The fiscal year of the Corporation shall begin October 1 and end on September 30 of the following year.
- 7.04 Budget. The Board shall cause to be prepared, and shall submit to the Council , a budget for the forthcoming fiscal year, and in accordance with the annual budget preparation schedule set forth by the Mayor. The budget shall be submitted to the Mayor for inclusion in the annual budget presentation to the City Council for approval. The budget proposed for adoption shall include the projected operating expenses and other budgetary information as shall be useful to or appropriate for the Board and Council. No budget amendments shall become effective without Council approval. No expenditures of funds shall be made by any officer, employee or agent for the GMDD unless such expenditure is provided for in the budget of the MGDD which has been approved by the Council.
- 7.05 Contracts. As provided in Section 5 above, the President and Secretary shall execute any contracts or other instruments which the Board has approved and authorized to be executed, provided, however, that the Board may by appropriate resolution, authorize any other officer or officers, or other agent or agents, to enter into contracts or execute and deliver any instrument in the name and on behalf of the GMDD. Such authority may be defined in specific instances or defined in general terms. Regardless of the contractual arrangement, no contract or other obligation of the GMDD will be entered, without approval of the Council.
- 7.06 Checks and Drafts. All checks and drafts, or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the GMDD shall be signed by at least two bonded individuals.
- 7.07 Deposits. All funds of the GMDD shall be deposited on a regular basis to the credit of the GMDD in a federally insured bank which shall be selected following procedures and requirements for selecting a depository as set forth in Chapter 105 of the Texas Local Government Code. The Board's choice of depository shall be subject to approval of the Council.
- 7.08 Gifts. The Board may accept on behalf of the GMDD any contribution, gift, bequest, or devise for the general purpose or for any special purposes of the GMDD.

- 7.09 Purchasing. All purchases made and contracts executed by the GMDD shall be made in accordance with requirements of the Texas Constitution and Statutes of the State of Texas. Additionally, such purchases are also subject to the Policies and Procedures and the Ordinances of the City of Goliad.
- 7.10 Investments. Excessive, temporary or idle funds which are not needed for immediate obligations of the GMDD should be invested in an interest bearing account or other income producing manner, with approval of the Council.
- 7.11 Bonds. Any bonds issued by the Corporation shall be in accordance with the statutes governing this GMDD, but in any event, no bonds shall be issued without approval of the Council, after review and comment by the City's bond counsel and financial advisor.
- 7.12 Bonding Required. All members of the Board shall give an official bond sum of not less than fifty thousand dollars [\$50,000.00]. The bonds referred to herein shall be considered for the faithful accounting of all monies and things of value coming into the hands of the Board of Directors. The bonds shall be procured from some regularly accredited surety company authorized to do business in the State. The premiums shall be paid by the GMDD. A copy of each Director's bond shall be maintained with the official papers of the GMDD.

Section 8- Record Keeping

The GMDD shall keep correct and complete financial books and records of all actions of the GMDD, including books and records of the minutes of meetings of the Board of Directors. All books and records of the GMDD may be inspected by Directors at any reasonable time. Any information which may be designated as public information by law shall be open to public inspection and/or copying under rules promulgated by the Texas Public Information Act.

Section 9- Code Of Conduct

- 9.1 Policy and Purposes. It is the policy of the GMDD 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 GMDD business; that the appearance of impropriety be avoided to ensure and maintain public confidence in the GMDD; and that the Board establish policies to control and manage the affairs of the GMDD fairly, impartially, and without discrimination. This Code of Ethics has been adopted as part of the GMDD's Rules and Regulations for the following purposes: (a) to encourage high ethical standards in official conduct by Directors; and (b) to establish guidelines for such ethical standards of conduct.
- 9.2 Conflicts of Interest. Directors and officers shall be governed by Local Government Code Chapter 171, Regulation of Conflicts of Interest of Officers of Municipalities, Counties and Certain Other Local Governments. If at any time a member of the Board believes that he/she has a conflict of interest, then that member shall notify the President of that conflict and either remove themselves or refrain from discussing or voting on that subject of conflict. If it appears to a Director that another Director has a conflict of interest, that conflict shall be brought to

attention of the President, and the Director shall either remove themselves or refrain from discussing or voting on that subject of conflict.

Section 10-Amendments to By-Laws

These Rules and Regulations governing the operations of the GMDD may be amended or repealed and new Rules and Regulations may be adopted by the Board, provided however, no amendments to these Rules and Regulations shall become effective without Council approval.

Section 11-Dissolution

The GMDD may be dissolved by Council in accordance with Chapter 377 of the Texas Local Government Code and any other procedures, codes or statutes necessary for such dissolution.

Section 12-Indemnity

The GMDD and its Board are a governmental unit and their acts are governmental functions. Nevertheless, the GMDD agrees to indemnify, and to pay or reimburse any current or former Director of the GMDD for any costs, expenses, fines settlements, judgments, or other amounts reasonably incurred by such person in any action, suit or proceeding to which he or she is made a party by reason of holding a position as a Director; provided, however, that such Director shall not receive such indemnification if he/she be finally adjudicated in such instance to be liable for gross negligence or intentional misconduct in office. The indemnification herein provided shall extend to good faith expenditures incurred in anticipation of, preparation for, threatened or proposed litigation. The Board may, in proper cases, extend the indemnification to cover good faith settlement of any action, suit or proceedings, whether formally instituted or not. Any payment or reimbursement provided for herein shall be approved by the Council before payment of same. The City of Goliad shall not be liable or responsible for the negligence of the GMDD including but not limited to its directors officers, agents, employees, licensees, invitees or other persons having contacts with the GMDD.

These are the rules adopted by the Goliad City Council to govern the operation of the GMDD, as prescribed by Local Government Code, Chapter 377.

I hereby certify that these rules were adopted by majority vote of the Goliad City Council this 27th day of October, 2008

Mayor Jay Harvey

ATTEST:

CJ Snipes, City Administrator