

**BYLAWS
OF
CLEVELAND ECONOMIC DEVELOPMENT CORPORATION**

These Bylaws govern the affairs of CLEVELAND ECONOMIC DEVELOPMENT CORPORATION (the "Corporation"), a nonprofit corporation organized under Article 5190.6 V.T.C.S., The Development Corporation Act of 1979 (the "Act"), and governed by Sec. 4B of the Act.

ARTICLE I

PURPOSES

General Purposes

1.01. The Corporation acts on behalf of the City of Cleveland, Texas, in furtherance of the public purposes of the Act and may engage in any project authorized under Sec. 4B of the Act.

Powers

1.02. The Corporation has all the powers, both express and implied, granted to corporations governed by Sec. 4B of the Act.

ARTICLE II

OFFICES

Principal Office

2.01. The principal office of the Corporation in the State of Texas is located at 203 East Boothe in Cleveland, Texas. The Board of Directors may provide for additional offices or change the location of any office, provided said location or locations are within the boundaries of the City of Cleveland.

2.02. The Corporation shall comply with the requirements of the Act in the maintenance of a registered office and registered agent. The Corporation's registered agent must be an individual and a resident of the State and the Corporation's registered office must be within the boundaries of the City of Cleveland, Texas. The registered office may, but need not, be identical to the Corporation's principal office in Texas. The Board of Directors may change the registered office and the registered agent as provided in the Act.

ARTICLE III

BOARD OF DIRECTORS

Management of the Corporation

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

Number, Qualifications and Tenure of Directors

3.02. The Board of Directors shall consist of seven members appointed by the City Council of the City of Cleveland, Texas, for staggered two year terms of office. Not less than three (3) directors shall be persons who are not employees, officers or members of the governing body of the City of Cleveland, Texas. The terms of four (4) directors shall begin on January 1, of each even numbered year and expire on December 31, of the next following even numbered year. The terms of three (3) directors shall begin January 1, of each odd numbered year and expire on December 31, of the next following odd numbered year.

Vacancies

3.03. A vacancy occurring upon the Board of Directors shall be filled for the unexpired term by the governing body of the City of Cleveland.

Annual Meeting

3.04. The annual meeting of the Board of Directors shall be held during the month of January of each year. The Board of Directors shall designate the time and location of the annual meeting which shall be held in the principal offices of the Corporation.

Regular Meetings

3.05. The Board of Directors may, by resolution, establish the date, time, and place of regular meetings. The meetings shall be held within the City of Cleveland, Texas, at the principal offices of the Corporation or at such other location as the Board of Directors may designate.

Special Meetings

3.06. Special meetings of the Board of Directors may be called at the request of the president or any three (3) directors. The president or directors calling the meeting shall fix the time and location of the meeting, which meeting shall be conducted within the City of Cleveland, Texas, and shall designate the items to be discussed in that special meeting. The president or directors calling a special meeting shall notify the secretary of the Corporation of the information required to be included in the notice of the meeting. In addition to the posting of a special

meeting notice in accordance with these Bylaws, a copy of each such special meeting notice shall be delivered to each director not less than seventy-two hours before the time of the meeting. A special meeting notice shall be deemed delivered to any director when deposited in the United States mail addressed to the director at his or her address as it appears on the records of the Corporation. Such additional notice may be waived in writing by a director at any time either before or after the time of the meeting and such additional notice shall be deemed waived by attendance, except when a director attends a special meeting for the express purpose of objecting to the transaction of business on the grounds that such special meeting has not been lawfully called or convened.

Notice of Meetings

3.07. The Board of Directors shall be considered a "governmental body" within the meaning of TEXAS GOVERNMENT CODE, Sec. 551.001, and notice of each meeting shall be given in accordance with the provisions of TEXAS GOVERNMENT CODE, Chapter 551 ("The Texas Open Meetings Act").

Quorum

3.08. A majority of the entire membership of the Board shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. The presence of a director may not be established by proxy. No business shall be conducted, nor shall any action be taken by the Board of Directors in the absence of a quorum. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Duties of Directors

3.09. Directors shall exercise ordinary business judgment in managing the affairs of the Corporation. In acting in their official capacity as directors of the Corporation, directors shall act in good faith and take actions they reasonably believe to be in the best interests of the Corporation and which are lawful and shall refrain from actions not in the best interest of the Corporation or which would be unlawful.

Removal of Directors

3.10. The Board of Directors and each member thereof serves at the pleasure of the City Council of the City of Cleveland, Texas, which may remove any director at any time with or without cause.

Committees of Directors

3.11. The Board of Directors may by resolution establish one or more special or standing committees of its members. Such committees shall have the powers, duties and responsibilities established by the Board. The committees shall keep regular minutes of their meetings and report the same to the Board of Directors when required.

ARTICLE IV

OFFICERS

Officer Positions

4.01. The officers of the Corporation shall be a president, a vice president, a secretary, and a treasurer. The Board of Directors may create additional officer positions, define the authorities and duties of such additional positions and appoint persons to fill such positions.

Election and Terms of Officers

4.02. The officers of the Corporation shall be elected annually by the Board of Directors at the regular annual meeting.

Removal of Officers

4.03. Any officer may be removed by the Board of Directors at any time, with or without cause. The removal of an officer does not also result in the removal of such person as a director of the Corporation.

Vacancies

4.04. A vacancy in any office may be filled by the Board of Directors for the unexpired portion of the officer's term.

President

4.05. The president shall be the chief executive officer of the Corporation. The president shall supervise and control all of the business and affairs of the Corporation and must be a member of the Board. The president shall preside at all meetings of the Board of Directors. When the execution of any contract or instrument shall have been authorized by the Board of Directors, the president shall execute same except where such power is expressly delegated to another officer of the Corporation. The president shall perform other duties prescribed by the Board of Directors and all duties incident to the office of president.

Vice President

4.06. When the president is absent, is unable to act, or refuses to act, the vice president shall perform the duties of the president. When acting in place of the president, the vice president shall have all the powers and duties as the president and be subject to all of the limitations and restrictions placed upon the president. The vice president must be a member of the Board.

Secretary

4.07. The secretary shall:

- (a) Authenticate corporate documents and affix the seal of the Corporation as required;
- (b) Give all notices as provided in the Bylaws or as required by law;
- (c) Take minutes of the meetings of the Board of Directors and keep the minutes as part of the corporate records;
- (d) Maintain custody of the corporate records;
- (e) Keep a register of the mailing addresses of each director and officer of the Corporation;
- (f) Perform duties as assigned by the Board of Directors; and
- (g) Perform all other duties incident to the office of secretary.

The secretary may either be elected from among the members of the Board or the Board may elect the City Secretary to fill this position.

Treasurer

4.08. The treasurer shall:

- (a) Compile reports on the finances of the Corporation and present same to the Board at its monthly and annual meetings;
- (b) Have charge and custody of and be responsible for all funds and securities of the Corporation;
- (c) Receive and give receipts for moneys due and payable to the Corporation from any source;
- (d) Deposit all moneys in the name of the Corporation in banks, trust companies, or other depositories as shall be selected by the Board of Directors;
- (e) Write checks and disburse funds to discharge obligations of the Corporation;

- (f) Maintain the financial books and records of the Corporation;
- (g) Prepare financial reports at least annually;
- (h) Perform other duties as assigned by the Board of Directors; and
- (i) Perform all duties incident to the office of treasurer.

The treasurer may either be elected from among the members of the Board, or the Board may elect the City's Finance Director to fill this position.

ARTICLE V

TRANSACTIONS OF THE CORPORATION

Contracts

5.01. The Board of Directors may authorize any officer or agent of the Corporation to enter into a contract or execute and deliver any instrument in the name of or 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 contracts and instruments.

Depository

5.02. The Board of Directors of the Corporation shall designate a depository bank. All funds of the Corporation shall be deposited with the depository bank.

Potential Conflicts of Interest

5.03. The members of the Board of Directors shall be considered local public officials within the meaning of TEXAS LOCAL GOVERNMENT CODE, Chapter 171. If a director has a substantial interest, as that term is defined in TEXAS LOCAL GOVERNMENT CODE, Chapter 171, in a business entity or real property which is the subject of deliberation by the Board of Directors, the director shall file an affidavit with the secretary of the Corporation stating the nature and extent of the interest. Such affidavit shall be filed prior to any vote or decision upon the matter by the Board of Directors, and, if required by TEXAS LOCAL GOVERNMENT CODE, Chapter 171, the interested director shall abstain from any vote or decision upon the matter.

ARTICLE VI

BOOKS AND RECORDS

Required Books and Records

6.01. The Corporation shall keep correct and complete books and records of account. The Corporation's books and records shall include:

- (a) A file endorsed copy of all documents filed with the Texas Secretary of State relating to the Corporation, including, but not limited to, the Articles of Incorporation, any Articles of Amendment, Restated Articles, Articles of Merger, Articles of Consolidation, and statement of change of registered office or agent.
- (b) A copy of the Bylaws and any amended versions or amendments to the Bylaws.
- (c) Minutes of the proceedings of the Board of Directors.
- (d) A list of names and addresses of the directors and officers of the Corporation.
- (e) A financial statement showing the assets, liabilities, and net worth of the Corporation at the end of each fiscal year.
- (f) A financial statement showing the income and expenses of the Corporation for each fiscal year.
- (g) All rulings, letters, and other documents relating to the Corporation's federal, state and local tax status.
- (h) The Corporation's federal, state and local information or income tax returns for each of the Corporation's tax years.

Records Open to Public

6.02. The Corporation shall be considered a "governmental body" within the meaning of TEXAS GOVERNMENT CODE, Sec. 552.003 and all records of the Corporation shall be made available to the public for inspection or reproduction in accordance with the requirements of TEXAS GOVERNMENT CODE, Chapter 552 ("The Texas Public Information Act").

Audit

6.03. The Board of Directors shall require that an annual independent audit of the financial records of the Corporation be conducted. The City Council of the City of Cleveland, Texas, may at any time require an independent audit of the Corporation's books to be conducted.

ARTICLE VII

FISCAL YEAR

7.01. The fiscal year of the Corporation shall begin on the first day of October and end on the last day of September.

ARTICLE VIII

AMENDMENTS TO BYLAWS

8.01. These Bylaws may be altered, amended, or repealed by the Board of Directors with the consent and approval of the City Council of the City of Cleveland, Texas.

ARTICLE IX

MISCELLANEOUS PROVISIONS

Legal Authorities Governing Construction of Bylaws

9.01. The Bylaws shall be construed in accordance with the laws of the State of Texas. All references in the Bylaws to statutes, regulations, or other sources of legal authority shall refer to the authorities cited, or their successors, as they may be amended from time to time. It is expressly provided that the provisions of The Development Corporation Act of 1979 applicable to corporations governed under Section 4B of that Act are incorporated within these Bylaws by reference. In the event of any conflict between the applicable provisions of such Act and these Bylaws, then the applicable provisions of such Act shall control.

Legal Construction

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

Headings

9.03. The headings used in the Bylaws are used for convenience and shall not be considered in construing the terms of the Bylaws.

Seal

9.04. The Board of Directors may provide for a Corporation seal. Such seal shall contain the words "Cleveland Economic Development Corporation" and "Texas."

Parties Bound

9.05. These Bylaws shall be binding upon and inure to the benefit of the directors, officers and agents of the Corporation and their respective heirs, executors, administrators, legal representatives, successors and assigns except as otherwise provided in the Bylaws.

Effective Date

9.06. These Bylaws, and any subsequent amendments hereto, shall be effective as of and from the date on which approval has been given by both the Board of Directors and the City Council of the City of Cleveland, Texas.

CERTIFICATE OF SECRETARY

I certify that I am the duly elected and acting Secretary of the CLEVELAND ECONOMIC DEVELOPMENT CORPORATION, and the foregoing Bylaws constitute the Bylaws of the Corporation. These Bylaws were duly adopted at a meeting of the Board of Directors held on the 14 day of January, 2002, and subsequently approved by the City Council of the City of Cleveland, Texas at a meeting held on the 22 day of January, 2002.

Signed this 8 day of April, 2002.

Kelley McDonald
Secretary of the Corporation

(SEAL)