

**AMENDED AND RESTATED BYLAWS OF
MARSHALL DOWNTOWN DEVELOPMENT CORPORATION
A NOT FOR PROFIT CORPORATION**

**ARTICLE I
ESTABLISHMENT**

Marshall Downtown Development Corporation is amending and restating its Bylaws in order to recognize the Corporation's change to a Local Government Corporation. The name of this Corporation, its purpose, and the terms of its existence are set forth in the Articles of Incorporation. The Marshall Downtown Development Corporation was established by Resolution of the City Commission of Marshall, Texas on March 13, 2003, to act as a non-profit corporation for the benefit of the City of Marshall, Texas, specifically to promote and assist in the development, growth, and economic well being of the downtown area of the City.

**ARTICLE II
PURPOSE AND POWERS**

2.01 Purpose. The Marshall Downtown Development Corporation ("The Corporation") is incorporated under the provisions of Subchapter D of Chapter 431, Texas Transportation Code, as amended ("Chapter 431"), and Chapter 394, Texas Local Government Code ("Chapter 394" and together with Chapter 431, herein referred to as the "Act") for the following purposes:

- A. To assist with downtown renovation and development in the City and within the downtown empowerment zone;
- B. To assist in the protection, maintenance and/or renovation of historic structures within the City, including but not limited to the development of the Hotel Marshall property;
- C. To assist with landscaping and beautification projects of publicly and privately owned properties within the City;
- D. To seek the maximum involvement of private and public business support services in assisting new and developing business, with the a primary goal of stimulating economic activity in the downtown area of the City;
- E. To assist the City of Marshall's Main Street Advisory Board and any other private or public organization with projects that achieve the goals of the Corporation;
- F. To solicit and raise funds from public and private sources sufficient to develop and maintain such projects and activities as the Corporation might undertake in furtherance of its purpose;
- G. To purchase, lease, or otherwise acquire such property, real or personal, sufficient for its purposes;
- H. To carry on any other similar activity in connection with the foregoing and to have and exercise all of the powers conferred on non-profit corporations by the laws of the State of Texas and Section 501 (c)(3) of the Internal Revenue Code of 1954, as amended such that the Corporation remains a non-profit entity.

2.02 Powers. In the fulfillment of its corporate purpose, the Corporation shall be governed by the Act, and shall have all of the powers set forth and conferred in its Articles of Incorporation, in the Act, and in other applicable law, subject to the limitations prescribed therein and herein.

ARTICLE III MEETINGS OF BOARD

3.01 Regular Meetings. The Board shall meet regularly at such time and place as is determined by the President. The Secretary shall mail written notice of all regular meetings at least three (3) days in advance.

3.02 Special Meetings. Special meetings of the Board may be held whenever requested by one or more of the following: 1) the President; 2) the Secretary; 3) by a majority of the Directors; or 4) by a majority of the Commission.

3.03 Vacancies. The City Commission shall fill regular vacancies on the Board during the Commission's regular meeting in December. Appointments to fill vacancies due to unexpired terms may be made anytime throughout the year in accordance with Section 4.04 of these Bylaws.

3.04 Annual Meeting. The Board shall hold a regular meeting in January of each year such meeting shall serve as the annual meeting of the Board, at which time elections of Officers for the current year shall be held and new Officers will immediately take their positions.

3.05 Quorum. A quorum shall consist of a majority of the appointed Board, and shall be required to transact business of the Board. No votes shall be held by the Board without a quorum of the Board members present. Phone votes or votes by proxy will not be allowed.

3.06 Conduct of Meetings. All Board meetings will be conducted in accordance with these Bylaws and Robert Rules of Order.

3.07 Action of the Board Approval of a simple majority of those Directors present at a meeting at which a quorum is present shall constitute an action of the Board.

3.08 Books and Records. The Board shall cause to be kept correct and complete books and records of account of the Corporation, minutes of the proceedings of the members and the Board.

3.09 Open Meetings. All meetings and deliberations of the Board shall be noticed, called, convened, held, and conducted in accordance with Texas Open Meetings Act, Chapter 551, Texas Government Code, as amended (the "Texas Open Meetings Act").

ARTICLE IV BOARD MEMBERS

4.01 Duties and Powers.

- A. Ultimate responsibility for the management shall be vested in the Board of Directors with full power and authority over the affairs of the Corporation;
- B. The Board shall set overall project direction and policy for operation, and shall establish guidelines for evaluation and effectiveness of operation;
- C. The Board shall adopt an annual budget and make such subsequent revisions in the budget as it may deem advisable;

4.02 Number. The Board shall consist of no fewer than three (3) no more than seven (7) Directors, each of whom shall be appointed by the City Commission of Marshall.

4.02 Term. The initial Board of Directors shall draw lots for staggered terms of one, two and three years. One Director shall serve a one-year term. Two Directors shall serve terms of two years, and two Directors shall serve terms of three years. Thereafter, all Directors shall serve terms of three (3) years. Directors' terms of office shall be based on the calendar year, with the Director's respective term ending on December 31. Each Director shall hold office until the next annual meeting and until his successor shall have been appointed and qualified. After their first term of office Directors may serve, if so reappointed by the Commission, a second term of three years. No member of the Board shall serve more than two (2) consecutive terms, except that a Director appointed to fill the unexpired term of a Director may serve out the unexpired term and may then serve not more than two (2) consecutive terms. After a one (1) year absence from the Board, previous members will be eligible to serve additional terms of three (3) years each in accordance with earlier provisions of this section.

4.03 Removal. Any Director may be removed from office, with or without cause, at any time by a vote of four (4) members of the Commission. Directors serve at the will of the Commission.

4.04 Vacancies and Notification Thereof. Vacancies on the Board shall be filled by the City Commission for an unexpired term of a member, in the same manner and for the same term of membership of the original appointment.

4.05 Compensation. Directors shall not receive any salary or compensation for their service as Directors. Directors may, upon the approval of the Board and upon providing proper receipts for such expenses, be reimbursed for their actual expenses incurred in the performance of their duties.

4.07 Officers. The Officers of the Corporation shall include a President, a Vice-President, a Secretary/Treasurer, a Treasurer, and such other Officers, as may from time to time be appointed by the Board.

4.07 Terms of Officers. Each Officer may be elected or appointed by the Board of Directors at its first meeting and shall be elected or appointed annually thereafter by the Board at its annual meeting. New Offices may be created and filled at any meeting of the Board. Each such Officer shall hold office until the close of the election of Officers at the annual meeting of the Board next held after his or her election or appointment, and thereafter until his or her successor shall have been elected or appointed and shall qualify, or until his or her death, resignation, or removal.

4.08 President. The President shall preside over meetings of the Board and shall serve as an ex-officio member of all committees designated by the Board. The President shall serve as the Chief Executive Officer of the Corporation, and subject to the paramount authority of the Board, the President shall be in general charge of the properties and affairs and may upon authorization of the Board, sign, all contracts, conveyances, franchises, bonds, deeds, assignments, mortgages, notes and all other instruments and documents in the name of the Corporation. The President is entitled to a vote in matters of the Board.

4.09 Vice President. The Vice-President shall perform duties as delegated by the President and shall exercise the powers of the President in the event of absence or inability of the President to serve or preside over meetings of the Board or operations of the Corporation. The Vice-President is entitled to a vote in matters of the Board.

4.10 Secretary/Treasurer. The Secretary/Treasurer shall cause to be maintained minutes of the meetings of the Board. The Secretary/Treasurer is entitled to vote in matters of the Board. The Secretary/Treasurer shall cause to be kept a copy of all fiscal records of the Board. The Secretary/Treasurer shall have the responsibility to see to the handling, custody, and security of all funds and securities of the Corporation in accordance with these bylaws and to see that the books of the Corporation are audited, or reviewed, annually by a certified public accountant, and shall initiate or conduct any investigation into the income, expenditures, or bookkeeping practices of the Corporation on his/her own initiative or at the request of the Board and shall report the results of the same to the Board. The Secretary may attest to the signature of the President or other officers or members of the Board of Directors, on all such contracts, instruments or documents as may be authorized by the Board of Directors.

4.11 Records. Officers of the Corporation shall make available for inspection at reasonable times to any member of the Board all official records of the Corporation for which they are responsible. In accordance with the Texas Open Records Act, all records of the Corporation are open to public inspection upon proper request submitted to the Corporation. Upon leaving office, each Officer shall turn over his or her successor in

good order such monies, books, records, documents, and other property of the Corporation as have been in his/her custody during his/her term of office.

4.12 Ex-Officio Members. The City Finance Director shall serve as an ex-officio member of the Board and may participate in all policy discussions and deliberations of the Board. Ex-officio members do not hold voting rights on the Board.

ARTICLE V COMMITTEES

5.01 Standing Committees. The Board may appoint standing committees as it deems necessary to report to the Board. Along with the President, who serves as an ex-officio member of all committees, no more than one additional Board member shall serve on a particular committee at any one time. The Board should specifically look outside its membership and into the local community for committee members. It shall require a majority vote of the Board to approve a committee, its membership and to designate a Committee Chair.

5.02 Advisory Capacity. A committee cannot take official action for the Corporation; that power is exercised only by the Board. Committees are to act only as an advisory arm of the Board.

ARTICLE VI FINANCIAL ADMINISTRATION

6.01 Deposits of Funds. All funds of the Corporation not otherwise employed shall be deposited in such banks, trust companies or other reliable depositories as the Board from time may determine.

6.02 Withdrawal of Corporate Funds. The Board shall designate the accounts and depositories to be created and designated for such purposes, and the methods of withdrawal of funds there from for use by and for the purposes of the Corporation upon the signature of its Secretary/Treasurer and such other persons as the Board shall designate.

6.03 Loans. No loans or advances shall be contracted on behalf of the Corporation, and no note or other evidence of the indebtedness shall be issued in its name, unless and except as authorized by the Board and in accordance with the provisions of these By-Laws. Any such authorization may be general or confined to specific instances, and may include authorization to pledge, as security for loans or advances so authorized, any and all securities and other tangible property at any time held by the Corporation.

6.04 Annual Audit. The Corporation shall cause its books, records, accounts, and financial statements to be audited, or reviewed, each fiscal year by an outside, independent, auditing and accounting firm selected by the Corporation.

6.05 Expenditures of Corporate Money. The monies of the Corporation may be expended by the Corporation for any of the purposes authorized by the Articles of Incorporation and these By-Laws.

6.06 Checks and Drafts. All checks, drafts, or orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Corporation must be signed by the President and either the Secretary/Treasurer, or in the absence of the Secretary/Treasurer the Vice-President. All wire or electronic transfers of funds of the Corporation shall be authorized by the Board of Directors.

6.07 Gifts. The Corporation may accept on behalf of the Corporation any contribution, grant, bequest, or devise of real, personal or mixed property for the general purpose or for any special purposes of the Corporation.

6.08 Contracts. The President, or any other individual specifically authorized by the Board, may, in the name of and on behalf of the Corporation, enter into those contracts or execute and deliver those instruments that are authorized by the Board. Without the express and specific authorization of the Board, no Officer or other agent of the Corporation may enter into any material contract or execute and deliver any material instrument in the name of and on behalf of the Corporation.

6.09 Contract with Directors or Officers. No Director or Officer of the Corporation shall be present during, the discussion and/or voting on which he/she may be interested, directly or indirectly, in any contract relating to operations conducted by the Corporation, nor any contract for furnishing services to it.

6.10 Fiscal Year. The fiscal year of the Corporation shall begin on the first day of January and shall end on the last day of December each year.

ARTICLE VII INDEMNIFICATION

The Corporation shall indemnify each and every member of the Board, its Officers, and its employees to the fullest extent permitted by law, against any and all liability or expense, including attorneys fees, incurred by any such persons by reason of any actions or omissions that may arise out of the functions and activities of the Corporation.

ARTICLE VIII
AMENDMENT OF BY-LAWS

The By-Laws of the Corporation may not be amended without the consent and approval of the City Commission. The Board of the Corporation shall make application to the City Commission for the approval of any proposed amendments, but the same shall not become effective until or unless the same is approved by the City Commission.

ARTICLE IX
MISCELLANEOUS PROVISIONS

9.01 Principal Office. The principal office and the registered office of the Corporation shall be the registered office of the Corporation specified in the Articles of Incorporation, or any amendment thereto, or any other change of registered office filed with the Texas Secretary of State.

9.02 Seal. The seal of the Corporation shall be as determined by the Board.

9.03 Resignations. Any Director or Officer may resign at any time. Such resignation shall be made in writing and shall take effect at the time specified therein, or, if no time be specified, at the time of its receipt by the President, Vice-President or Secretary/Treasurer. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

9.04 Dissolution. The dissolution of the Corporation may be conducted in accordance with the Act and other applicable state or federal laws. Upon winding up and dissolution of the Corporation, the assets of the Corporation remaining after payment of, or provision for payment of, all debts and liabilities of the Corporation, shall be distributed to the City of Marshall in accordance with the Act.

ARTICLE X
EFFECTIVE DATE AND AMENDMENTS

10.01 Effective Date. These Bylaws shall become effective upon the occurrence of the following events:

- A. The approval of these Bylaws by the City Commission; and
- B. The adoption of these Bylaws by the Board.

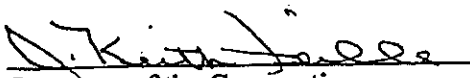
10.02 Amendments to Articles of Incorporation and Bylaws. The Articles of Incorporation of the Corporation and these Bylaws may be amended only in the manner provided in the Act.

CERTIFICATE

This is to certify that the foregoing is a true and correct copy of the Amended and Restated Bylaws of the Corporation and that such Bylaws were duly adopted by the Board of Directors of the Corporation on the date set forth below.

Adopted by the Board of Directors on the 21st day of February, 2005.

ATTEST:


Secretary of the Corporation

These Amended Bylaws were approved by the City of Marshall by Resolution, adopted by the City Commission of the City of Marshall on the 15th day of November, 2004.

(SEAL)

ATTEST:


City Secretary, City of Marshall, Texas