

**BYLAWS
OF
SHERMAN ECONOMIC DEVELOPMENT CORPORATION
A TEXAS NON-PROFIT CORPORATION**

SHERMAN, TEXAS

**SECTION I
OFFICES**

1.01 Registered Office and Registered Agent

The Sherman Economic Development Corporation (hereinafter referred to as the "Corporation") shall have and continuously maintain in the State of Texas a registered office, and a registered agent whose office is identical with such registered office, as required by the Texas Non-Profit Corporation Act. The Board of Directors may, from time to time, change the registered agent and/or the address of the registered office, provided that such change is appropriately reflected in these Bylaws and in the Articles of Incorporation.

The registered office of the Corporation is located at 307 West Washington, Suite 102, Sherman, Texas 75090.

1.02 Principal Office

The principal office of the Corporation in the State of Texas shall be located at 307 West Washington Street, Suite 102 in the City of Sherman, County of Grayson, and it may be, but need not be, identical with the registered office of the Corporation.

**SECTION II
PURPOSES**

2.01 Purposes

The Corporation is a Type A economic development corporation, and a Texas non-profit corporation specifically governed by the Texas Development Corporation Act, as defined in Chapters 501 and 504 of the Texas Local Government Code, as amended (formerly Art. 5190.6 of the Texas Revised Civil Statutes). The purpose of the Corporation is to promote, assist, and enhance economic development in accordance with the Articles of Incorporation.

**SECTION III
MEMBERS**

3.01 Members

The Corporation shall have no members.

**SECTION IV
BOARD OF DIRECTORS**

4.01 Board of Directors

The business and affairs of the Corporation and all corporate powers shall be exercised by or under authority of the Board of Directors (the "Board"), appointed by the governing body of the City of Sherman (the "City Council"), and subject to applicable limitations imposed by the Texas Development Corporation Act, Texas Non-Profit Corporation Act, the Texas Business Corporation Act, the Articles of Incorporation, or these Bylaws. The Board may, by contract, resolution, or otherwise, give general or limited or special power and authority to the officers and employees of the Corporation to transact the general business or any special business of the Corporation, and may give powers of attorney to agents of the Corporation to transact any special business requiring such authorization.

The Board may plan and direct its work through a President (the "CEO"), who will be charged with the responsibility of carrying out the Corporation's programs as may be adopted and planned by the Board. The Board may contract with another entity for the services of a CEO.

4.02 Number and Qualifications

The authorized number of Directors of this Board shall be five (5).

The Mayor shall appoint the Directors of the Corporation with the approval of the City Council. The number of Directors shall be five (5). Board members will be selected based on interest in the work of the Corporation, special expertise, and civil service. Special expertise includes, but is not limited to, business skills in finance, accounting, law, personal credibility, business accomplishments and interpersonal skills. All Board members must either maintain continuous residence in the city limits of Sherman or own, manage, or be employed by a business or entity that pays property taxes to the City of Sherman. No person can serve on the Board who is an employee of the City of Sherman or the Sherman Chamber of Commerce. Any Board member who files for public office or holds a public office, except a Board member from the Sherman City Council, must immediately resign from the Board. Directors shall serve at the pleasure of the City Council and may be removed by the City Council at any time without cause. Terms of office shall begin October 1st.

Each Director shall meet at least one (1) of the following qualifications:

1. serve, or have served as a President of a company; or
2. serve, or have served, in a position of executive management of a company; or
3. serve, or have served, in a professional capacity; or
4. have experience equivalent to any of the above qualifications.

The City Council shall consider an individual's 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.

4.03 Bonds

If the City of Sherman ceases to act as the fiscal agent for the Corporation, the President, Vice President, and Treasurer of the Board shall each give an official bond in the sum of not less than One Hundred Thousand Dollars (\$100,000.00). The bonds referred to in this section shall be considered for the faithful accounting of all monies and things of value coming into the hands of such officers. The bonds shall be procured from some regularly accredited surety company authorized to do business in the state. The premiums therefor shall be paid by the Corporation. A copy of each officer's bond shall be filed with the City Secretary.

4.04 General Duties of the Board

The Board is hereby required to perform the following duties:

1. The Board shall develop an overall economic development plan for the City which shall include and set forth intermittent and/or short-term goals which the Board deems necessary to accomplish compliance with its overall economic development plan. Such plan shall be communicated to City Council. The overall plan developed by the Board shall be one that includes 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. Identification of strategies to coordinate public, private and academic resources to develop and enhance business opportunities for all citizens of Sherman. This plan shall include methods to improve communication and cooperation between the above-mentioned entities.
 - d. Assurance of accountability of all tax moneys expended for its implementation of the overall economic development plan.
 - e. Identification of strategies and provide for implementation of identified strategies for direct economic development as defined in this Section.
 - f. To assist the Board in the implementation of the overall economic development plan, the Board may seek out and employ a President (CEO). The CEO shall be responsible to the Board and shall act as the Board's administrator and shall assist the Board in carrying out the duties of the Board as set forth in this section. The Board shall, in the annual budget, make provisions for the compensation to be paid to the CEO and such compensation so established by the Board shall comprise the salary and benefits paid to the CEO for his/her services.
 - g. The Board may employ or contract for such personnel as may be necessary to discharge the Corporation's assigned duties. The compensation for all such employees shall be set by the Board in its annual budget and such compensation so established by the Board

shall comprise the salary and benefits for such employees, and provided further, no such employee shall be hired until such time as the Board has established such compensation for the position in question.

- h. The CEO shall be hired by the Board with the consent of the City Council and may be removed by a majority vote of the Board.
- 2. 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 Sherman.

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 and/or planning and research activities necessary to promote said job creation and expand the tax base. The Corporation's focus will be primarily in the areas of:

- a. Business retention and expansion
- b. Formation of new businesses
- c. Business attraction

4.05 Implied Duties

The Corporation is authorized to do that which the Board deems desirable to accomplish any of the purposes or duties set out or alluded to in Section 4.04 of these Bylaws and in accordance with State law.

4.06 Tenure

No member of the Board shall serve more than two (2) consecutive terms. The Mayor shall appoint the Directors of the Corporation with the approval of the City Council. Directors shall be eligible to serve for two (2) - three (3) year terms. Directors shall be removable at any time by the City Council by a majority vote of the council members.

Notwithstanding the foregoing, as of the Effective Date of these Bylaws, the current Board shall serve their current two (2) year term and at the end of their current term shall be eligible for reappointment for one (1) additional three (3) year term of office. Thereafter, all terms of office shall be for three (3) years. Those Board members appointed to fill a vacancy when less than eighteen (18) months remain in the current term shall be eligible to serve two (2) additional three (3) year terms. In the event, a Board member is appointed to fill a vacancy when more than eighteen (18) months remain in the current term, the Board member shall be eligible to serve one (1) additional three (3) year term.

Those Board members who serve their two (2) terms of office, are eligible to be reappointed to serve on the Board after a one-year absence from the Board.

4.07 Vacancies

Any vacancy occurring shall be filled by appointment of the City Council.

4.08 Meetings

The Board shall meet at least once each month at a place and time to be determined by the Board Chair. All meetings of the Board shall be posted and conducted in accordance with the Texas Open Meetings Act, as set forth in Chapter 551 of the Texas Government Code, as amended. Any member of the Board may request that an item be placed on the agenda by delivering the same in writing to the secretary of the Board no later than ten (10) days prior to the date of the Board meeting. The Chair of the Board shall set regular meeting dates and times at the beginning of his/her term.

Notice of any meeting shall contain information regarding the particular time, date, and location of the meeting and the agenda to be considered.

The annual meeting of the Board of Directors shall be during the first regularly scheduled Board meeting of each calendar year.

4.09 Attendance

Regular attendance of the Board meetings is required of all Directors. The following number of absences may constitute the need for replacement of a Director: three (3) consecutive absences, or attendance reflecting absences constituting fifty percent (50%) of the meetings over a 12-month period. In the event replacement is indicated, the member will be counseled by the Chair and, subsequently, the Chair shall submit in writing to the City Secretary the need to replace the Board member in question.

4.10 Quorum and Voting

A majority of the Board of Directors shall constitute a quorum for the conduct of the official business of the Corporation. The act of a majority of the Directors present at a meeting at which a quorum is in attendance shall constitute the act of the Board of Directors and of the Corporation unless the act of a greater number is required by law. A Director may not vote by proxy. Directors must be present in order to vote at any meeting.

4.11 Compensation

The duly appointed Directors of the Board shall serve without compensation, but shall be reimbursed for actual or commensurate cost of travel, lodging and incidental expenses while on official business of the Board in accordance with State law.

4.12 Conflicts of Interest

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 Board's actions shall be governed by the Texas Business Organizations Code, Title 2 Corporations, Chapter 22 Non Profit Corporations, Section 22.230, as amended.

4.13 Board's Relationship with City Council

In accordance with State law, Section 501.073 of the Texas Local Government Code the City Council shall require that the Corporation be responsible to it for the proper discharge of its duties. All programs and expenditures shall be submitted for City Council approval, and the Board shall administer said programs accordingly. The Board shall determine its policies and direction within the limitations of the duties herein imposed by applicable laws, the Articles of Incorporation, these Bylaws, contracts entered into with the City, and budget and fiduciary responsibilities. The Corporation shall be regularly accountable to the City Council for all activities undertaken by them or on their behalf, and shall report on all significant activities of the Corporation to the City Council, whether discharged directly by the Board or by any person, firm, corporation, agency, association or other entity on behalf of the Corporation.

4.14 Board's Relationship with Administrative Departments of the City

Any request for services made to the administrative departments of the City shall be made by the Board or its designee in writing to the City Manager. The City Manager may approve such request for assistance from the Board when he finds such requested services are available within the administrative departments of the City and that the Board has agreed to reimburse the administrative department's budget for the costs of such services so provided.

Any requests for legal assistance shall be made by the Board or its designee to the City Attorney. The City Attorney may provide such assistance when such services are available, and the Board has agreed to reimburse the City for cost providing the legal services.

SECTION V OFFICERS

5.01 Officers of the Corporation

The elected officers of the Corporation shall be a Chair, Vice Chair, Secretary, and Treasurer. The Board may resolve to elect one or more Assistant Secretaries or one or more Assistant Treasurers as it may consider desirable. Such officers shall have the authority and perform the duties of the office as the Board may from time to time prescribe or as the Secretary or Treasurer may from time to time delegate to his or her respective Assistant. One person may hold more than one office, except that the Chair shall not hold the office of Secretary.

5.02 Selection of the Officers

The initial Chair and Vice Chair shall be elected by the Board and shall serve a term of one (1) year. On the expiration of the term of office of the original Chair and Vice Chair, the Board shall select from among its members individuals to hold such office. The term of office of the Chair and Vice Chair shall

always be for a period of one year; provided, however, that the Chair and Vice Chair continue to serve until the election of their successors.

The Secretary and Treasurer shall be selected by the members of the Board and shall hold office for a period of one (1) year; provided, however, that they shall continue to serve until the election of their successors. Elections shall be held at the annual meeting of the Board.

5.03 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 portion of the term of that office, in the same manner as other officers are elected to the Board.

5.04 Chair

The Chair shall be the presiding officer of the Board with the following authority:

1. Shall preside over all meetings of the Board.
2. Shall have the right to vote on all matters coming before the Board.
3. Shall have the authority, upon notice to the members of the Board, to call a special meeting of the Board when in his judgment such meeting is required.
4. Shall have the authority to appoint standing committees to aid and assist the Board in its business undertakings or other matters incidental to the operation and functions of the Board.
5. Shall have the authority to appoint ad hoc committees which may address issues of a temporary nature of concern or which have a temporary effect on the business of the Board.

In addition to the above-mentioned duties, the Chair shall sign with the Secretary of the Board any deed, mortgage, bonds, contracts, or other instruments which the Board of Directors has approved and unless the execution of said document has been expressly delegated to some other officer or agent of the Corporation by appropriate Board resolution, by a specific provision of these Bylaws, or by statute. In general, the Chair shall perform all duties incident to the office, and such other duties as shall be prescribed from time to time by the Board of Directors.

5.05 Vice Chair

In the absence of the Chair, or in the event of his or her inability to act, the Vice Chair shall perform the duties of the Chair. When so acting, the Vice Chair shall have all power of and be subject to all the same restrictions as upon the Chair. The Vice Chair shall also perform other duties as from time to time may be assigned to him or her by the Chair.

5.06 Secretary

The Secretary shall keep, or cause to be kept, at the registered office a record of the minutes of all meetings of the Board and of any committees of the Board. The Secretary shall also file a copy of said Minutes with the City and the same to be given, in accordance with the provisions of these Bylaws, or as required by the Texas Open Meetings Act or the Texas Public Information Act or other applicable law. The Secretary shall be custodian of the corporate records and seal of the Corporation, and shall keep a register of the mailing address and street address, if different, of each director.

5.07 Treasurer

If the City of Sherman ceases to act as the fiscal agent for the Corporation, the Treasurer shall be bonded for the faithful discharge of his/her duties with such surety or sureties and in such sum as the Board of Directors shall determine by Board resolution, but in no event shall the amount of such bond be less than an amount equal to the average of the sums which the Treasurer has access to and the ability to convert during a twelve (12) month period of time. The Treasurer shall have charge and custody of and be responsible for all funds and securities of the Corporation. The Treasurer shall receive and give receipt for money due and payable to the Corporation from any source whatsoever, and shall deposit all such moneys in the name of the Corporation in such bank, trust corporation, and/or other depositories as shall be specified in accordance with Section VII of these Bylaws. The Treasurer shall, in general, perform all the duties incident to that office, and such other duties as from time to time may be assigned to him by the President of the Board.

5.08 Assistant Secretaries and Assistant Treasurers

The Assistant Secretaries and Assistant Treasurers, if any, shall in general, perform such duties as may be assigned to them by the Secretary or the Treasurer, or by the President or the Board of Directors.

5.09 President

The Corporation may employ a President, the CEO of the Corporation, who shall oversee all administrative functions of the Corporation. The CEO shall develop policies and procedures for the Corporation including financial, accounting, and purchasing policies and procedures to be approved by the Board.

5.10 Other Employees and Benefits

The Corporation may employ, or contract for, such full or part-time employees as needed to carry out the programs of the Corporation. These employees shall perform those duties as are assigned to them by the CEO. The CEO shall hire, direct, and control the work of all Corporation employees.

In accordance with Section 501.067 of the Texas Local Government Code, and subject to City Council approval, the Corporation may obtain:

- a. health benefits coverage, liability coverage, workers' compensation coverage, and property coverage under the City's insurance policies, through self-funded coverage, or under coverage provided under an interlocal agreement with a political subdivision; or

- b. retirement benefits under a retirement program the City participates in or operates.

Health benefits coverage may be extended to the Directors and employees, and to the dependents of the Directors and employees. Workers' compensation benefits may be extended to the Directors, employees, and volunteers. Liability coverage may be extended to protect the Corporation and the Directors and employees. Retirement benefits may be extended to the Corporation's employees. The Corporation must reimburse the City for any expense in providing said benefits.

5.11 Contract for Services

The Corporation may 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. However, no such contract shall ever be approved or entered into which seeks or attempts to divest the Board of Directors of its discretion and policy-making functions in discharging the duties herein above set forth in this section.

SECTION VI COMMITTEES

6.01 Committees

The Chair may designate not more than two (2) directors to constitute an official committee of the Board of Directors, with such other non-Board members of the committee as may be appointed by the Board, to exercise such authority of the Board as may be specified in the resolution. It is provided, however, that all final, official actions of the Corporation may be exercised only by the Board. Each committee so designated shall keep regular minutes of the transactions of its meetings and shall cause such minutes to be recorded in books kept for that purpose in the principal office of the Corporation.

6.02 Ex-Officio Members

The City Manager or his designee and the Mayor or his designee and the Superintendent of Sherman ISD may attend all meetings of the Board of Directors or Committees. The City of Sherman City Council will have the right to approve other ex officio members as they deem necessary. These representatives shall not have the power to vote in the meetings they attend. Their attendance shall be for the purpose of ensuring that information about the meetings are accurately communicated to the City Council and to satisfy the City Council obligation to control the powers of the Corporation.

SECTION VII FINANCIAL ADMINISTRATION

The Corporation may contract with the City for financial and accounting services. The Corporation's financing and accounting records shall be maintained according to the following guidelines.

7.01 Fiscal Year

The fiscal year of Corporation shall begin on October 1 and end on September 30 of the following year.

7.02 Budget

A budget for the forthcoming fiscal year shall be submitted to, and approved by, the Board of Directors, and the City Council. In submitting the budget to the City Council, the Board of Directors shall submit the budget on forms prescribed by the City Manager and in accordance with the annual budget preparation schedule as set forth by the City Manager. The budget shall be submitted to the City Manager for inclusion of it in the annual budget presentation to the City Council. The budget proposed for adoption shall include the projected operating expenses, and such other budgetary information as shall be useful to or appropriate for the Board of Directors and the City Council.

7.03 Contracts

As provided in Section V above, the Chair 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 any other agent or agents, including the CEO, to enter into contracts or execute and deliver any instrument in the name and on behalf of the Corporation. Such authority may be confined to specific instances or defined in general terms. When appropriate, the Board may grant a specific or general power of attorney to carry out some action on behalf of the Board, provided, however that no such power of attorney may be granted unless an appropriate resolution of the Board authorizes the same to be done.

7.04 Checks and Drafts

If the City of Sherman ceases to act as the fiscal agent for the Corporation, all checks, drafts, or orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Corporation shall be signed or bear the facsimile of the Chair or the Treasurer, or such other person as designated by the Board.

7.05 Deposits

All funds of the Corporation shall be deposited on a regular basis to the credit of the Corporation in a local bank which shall be federally insured and shall be selected following procedures and requirements for selecting a depository as set forth in Chapter 105 of the Texas Local Government Code.

7.06 Gifts

The Corporation may accept on behalf of the Corporation any contribution, gift, bequest, or device for the general purpose or for any special purposes of the Corporation.

7.07 Purchasing

All purchases made and contracts executed by the Corporation shall be made in accordance with the requirements of the Texas Constitution and statutes of the State of Texas.

7.08 Investments

Temporary and idle funds which are not needed for immediate obligations of the Corporation may be invested in any legal manner provided in the Public Funds Investment Act, Chapter 2256 of the Texas Government Code, as amended.

7.09 Bonds

Any bonds issued by the Corporation shall be in accordance with the statute governing this Corporation but in any event, no bonds shall be issued without approval of the City Council after review and comment by the City's bond counsel and financial advisor.

7.10 Uncommitted Funds

Any undesignated funds of the Corporation at the end of the fiscal year shall be considered a part of the Fund Balance. The Undesignated Fund Balance may be committed for any legal purpose.

SECTION VIII BOOKS AND RECORDS

8.01 Books and Records

The Corporation shall keep correct and complete books and records of all actions of the Corporation, including books and records of account and the minutes of meetings of the Board of Directors and of any committee having any authority of the Board and to the City Council. City Council is entitled to access of the Corporation's books and records at all times. All books and records of the Corporation may be inspected by Directors of the Corporation or his/her agent or attorney at any reasonable time; and any information which may be designated as public information by law shall be open to public inspection at any reasonable time. The Texas Public Information Act and Texas Open Meetings Act shall apply to disclosure of public information. The books, records, accounts, and financial statements of the Corporation shall be audited at least once each fiscal year by an outside, independent auditing and accounting firm approved by the Board of Directors. This audit may be prepared in conjunction with the annual financial audit of the City.

SECTION IX SEAL

9.01 Seal

The Board of Directors shall obtain a corporate seal which shall bear the words "Corporate Seal of Sherman Economic Development Corporation". The Board may thereafter use the corporate seal and may later alter the seal as necessary without changing the corporate name; but these Bylaws shall not be construed to require the use of the corporate seal.

SECTION X PROGRAM

10.01 Authorization

The Corporation shall carry out its program subject to its Articles of Incorporation and these Bylaws, and such resolutions as the Board may from time to time authorize.

10.02 Program

The program of the Corporation shall be to assist, stimulate, and enhance economic development for the City of Sherman, Texas, subject to applicable state and Federal law, these Bylaws, and the Articles of Incorporation.

SECTION XI PRELIMINARY AUTHORITY

11.01 Effective Date

These bylaws shall become effective upon the occurrence of all of the following events: the adoption of these bylaws by the Board of Directors; and the approval and adoption of these bylaws by the City Council.

11.02 Amendments to Bylaws

These bylaws may be amended or repealed and amended bylaws may be adopted by an affirmative vote of at least three (3) Directors present at any regular meeting or any special meeting, if at least three (3) days written notice is given of an intention to amend, repeal, and/or adopt new bylaws. Any bylaw amendments will be effective upon approval of the City Council by resolution.

SECTION XII DISSOLUTION

12.01 Dissolution

On petition of ten percent (10%) or more of the registered voters of the City of Sherman requesting an election on the dissolution of the Corporation, the City Council shall order an election on the issue. The election must be conducted according to the applicable provision of the Election Code and the Texas Development Corporation Act. The ballot for the election shall be printed to provide for voting for or against the proposition:

"Dissolution of the Sherman Economic Development Corporation."

If a majority of voters voting on the issue approve the dissolution, the Corporation shall continue operations only as necessary to pay the principal of and interest on its bonds and to meet obligations incurred before the date of the election and, to the extent practicable, shall dispose of its assets and apply the proceeds to satisfy those obligations. When the last of the obligations is satisfied, any remaining assets of the Corporation shall be transferred to the City, and the Corporation is dissolved.

SECTION XIII INDEMNITY

13.01 Indemnity

As provided in the Section 504.107 of the Texas Local Government Code, the Corporation is, for the purposes of the Texas Tort Claims Act (Subchapter A, Chapter 101, Texas Civil Practices and Remedies Code), a governmental unit and its actions are governmental functions.

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

The Board of Directors shall authorize the Corporation to pay or reimburse any current or former Director or Officer of the Corporation for any costs, expenses, fines, settlements, judgments, and other amounts, actually and reasonable incurred by such person in any action, suit, or proceeding to which he or she is made a party by reason of holding such position as Officer or Director; provided, however, that such Officer or 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 also extend to good faith expenditures incurred in anticipation of, or preparation for, threatened or proposed litigation. The Board of Directors may, in proper cases, extend the indemnification to cover the good faith settlement of any such action, suit, or proceedings, whether formally instituted or not.

To the extent the Board of Directors authorize indemnification to Directors or Officers of the Corporation, City of Sherman shall also provide indemnity to said Directors and Officers. However, City of Sherman's indemnification shall only apply after Corporation's ability to indemnify has been exhausted. Nothing in this section creates personal liability on the part of Officers and Directors to any extent not otherwise provided by statute or case law.

Furthermore, the Corporation agrees to indemnify and hold harmless and defend the City of Sherman, its officers, agents, and its employees, from and against liability for any and all claims, liens, suits, demands, and/or actions for damages, injuries to persons (including death), property damage (including loss of use), and expenses, including court costs and attorneys' fees and other reasonable costs arising out of or resulting from Corporation's activities and from any liability arising out of or resulting from the intentional acts or negligence or intentional acts or omissions of Corporation, including but not limited to its officers, agents, employees, licensees, invitees, and other persons.

Corporation further agrees that it shall at all times exercise reasonable precautions on behalf of, and be solely responsible for, the safety of its officers, agents, employees, licensees, invitees, and other persons, as well as their property, while in the vicinity where activities are being performed. It is expressly understood and agreed that City of Sherman shall not be liable or responsible for the negligence of Corporation including but not limited to its officers, agents, employees, licensees, invitees, and other persons.

It is further agreed with respect to the above indemnity, that city of Sherman and Corporation will provide the other prompt and timely notice of any event covered which in any way, directly or indirectly, contingently or otherwise, affects or might affect Corporation or City of Sherman, and City of Sherman shall have the right to compromise and defend the same to the extent of its own interests. It is further agreed this indemnity clause shall be an additional remedy to City of Sherman and not an exclusive remedy.

SECTION XIV

MISCELLANEOUS

14.01 Relation to Articles of Incorporation

These Bylaws are subject to, and governed by, the Articles of Incorporation and applicable State statutes under which the Corporation is organized.