

RESOLUTION 031226A

A RESOLUTION OF THE CITY OF LITTLE RIVER-ACADEMY CITY COUNCIL APPROVING THE INITIAL BYLAWS FOR THE LITTLE RIVER-ACADEMY MUNICIPAL DEVELOPMENT DISTRICT; PROVIDING FOR REPEAL, SEVERABILITY, OPEN MEETING COMPLIANCE, AN EFFECTIVE DATE AND PROVIDING FOR RELATED MATTERS

WHEREAS, the City of Little River-Academy (the "City") is a General Law Type A municipality pursuant to Chapter 22 of the Texas Local Government Code; and

WHEREAS, the Texas Local Government Code §377.021 authorizes cities to call an election on the question of creating a Municipal Development District to plan, acquire, establish, develop, construct, or renovate one or more development projects beneficial to the district; and

WHEREAS, the City Council for the City (the "City Council") finds that on February 13, 2025, the City Council passed an Resolution calling for an election on the creation of the Little River Academy Municipal Development District (the "Academy MDD") and the imposition of a sales and use tax rate of one-quarter of one percent (.025%) for Academy MDD; and

WHEREAS, the City Council finds that on May 3, 2025, the City held an election for the purpose of creating the Academy MDD and approving the tax rate; and

WHEREAS, the City Council finds that a majority of the citizens voting in said election voted in favor of creating the Academy MDD and imposing the sales and use tax; and

WHEREAS, the City Council finds it created a Board of Directors for the Academy and appointed initial Board members; and

WHEREAS, the City Council desires to approve the Initial Bylaws for the Academy MDD so the same can be in effect upon passage at the first board meeting.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LITTLE RIVER-ACADEMY, TEXAS:

SECTION 1: Findings of Fact. The findings set forth in the recitals of this Resolution are hereby found to be true and correct and are hereby adopted as findings of the City Council and are incorporated into the body of this Resolution if fully set forth herein.

SECTION 2: Initial Bylaws Approved. The Initial Bylaws for the Academy MDD are approved in a form substantially similar to that attached hereto as Exhibit A and as amended and approved by the City Attorney's Office.

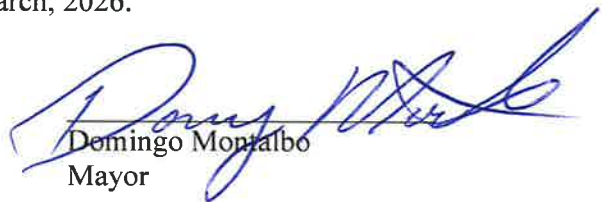
SECTION 3: Repeal. All Resolutions or parts of Resolutions in conflict with the provisions of this Resolution, if any, are hereby repealed only to the extent of such conflict.

SECTION 4: Severability. Should any sentence, paragraph, subdivision, clause, phrase or section of this Resolution or the application of same to any person or circumstances be adjudged or held to be illegal, invalid or unconstitutional by a court of competent jurisdiction, the same shall not affect the validity of this Resolution as a whole, or any part or provision thereof, other than the part so decided to be invalid, illegal or unconstitutional. The City Council declares it would have passed each and every part of same notwithstanding the omission of any part thus declared to be illegal, invalid or unconstitutional or whether there be one or more parts.

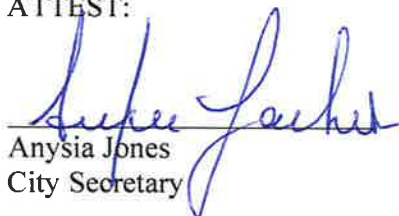
SECTION 5: Open Meetings Compliance. The City Council hereby finds and declares that written notice of the date, hour, place and subject of the meeting at which this Resolution was adopted was posted and that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof were discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended.

SECTION 6: Effective Date. This Resolution is effective after passage.

APPROVED AND ADOPTED THE 12th DAY OF March, 2026.


Domingo Montalbo
Mayor

ATTEST:


Anyisia Jones
City Secretary

**INITIAL BYLAWS FOR THE
LITTLE RIVER-ACADEMY
MUNICIPAL DEVELOPMENT DISTRICT NUMBER 1**

March 2026

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ARTICLE I – PURPOSE AND POWERS

Section 1.1. Board of Directors. The property and affairs of the Little River-Academy Municipal Development District No. 1, (“District”) shall be managed and controlled by a Board of Directors subject to the restrictions imposed by law and these Bylaws.

Section 1.2. Offices. The principal office of the District is 102 N. Evans Street, Little River-Academy, Texas. The District may have such other offices within the City of Little River-Academy, Texas (the “City”) as the Board of Directors shall determine.

Section 1.3. Powers, Purposes and Authority. In order to implement the purposes for which the District was formed, the District shall have all the authority and powers of every nature and kind whatsoever, both express and implied, which are authorized or permitted by the terms of Chapter 377 of the Texas Local Government Code as amended, the Texas Constitution, orders and ordinances of the City Council for the City of Little River-Academy, and these Bylaws. The District shall have and may exercise each power and authority enumerated in Chapter 377 of the Texas Local Government Code as if such power and authority were specifically set forth herein. The District may perform any act necessary to the full exercise of the district's powers; the District may accept a grant or loan from a department or agency of the United States, a department, agency, or political subdivision of this state, or a public or private person. The District may acquire, sell, lease, convey, or otherwise dispose of property or an interest in property, including a development project as defined by Sections 505.151-505.158 of the Texas Local Government Code and under Chapter 377 of the Texas Local Government Code, under terms and conditions determined by the district. The District may employ necessary personnel and may adopt rules to govern the operation of the district and its employees and property. A district may contract with a public or private person to plan, acquire, establish, develop, construct, or renovate a development project; or perform any other act the district is authorized to perform under Chapter 377 of the Texas Local Government Code. However, the district may not levy an ad valorem tax.

Section 1.4. Books and Records; Review of Financial Statements. The District shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its Board of Directors and committees having any of the authority of the Board of Directors. All books and records of the District may be inspected by any director or his or her agent or attorney at any reasonable time; and at all times the City Council of the City (the "City Council") will have access to the books, records and financial statements of the District.

ARTICLE II – BOARD OF DIRECTORS

Section 2.1. Appointment, Qualifications, Number and Term of Office. The Board shall consist of five (5) directors, each of whom shall be appointed by the City Council. Each of the Directors shall be a resident of the City of Little River Academy or a resident of the City of Little River Academy’s Extraterritorial Jurisdiction. Not more than two (2) of such Directors shall be an employee, officer, or member of the governing body of the City. An employee, officer, or member of the governing body of the municipality may serve as a Director but may not have a personal interest in a contract executed by the district other than as an employee, officer, or member of the governing

body of the municipality. The Directors shall serve staggered two-year terms with terms only being less than two years when necessary to create staggered two-year terms.

Section 2.2. Removal, Resignation, and Vacancy. A vacancy in any position of Director which occurs by reason of death, resignation, disqualification, removal or otherwise shall be filled by the City Council. A Director may be removed by City Council at any time without cause. A Director may resign at any time without good reason. Such resignation shall be in writing, addressed to the Mayor and the City Secretary, with a copy to the Board, and shall take effect at the time specified therein, or if no time is specified, at the time of its receipt by the City Secretary.

Section 2.3. Conflict of Interest. The members of the Board of Directors shall be considered local public officials within the meaning of Chapter 171 of the Texas Local Government Code. If a Director has a substantial interest, as defined in said Chapter, 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 District stating the nature or extent of the interest. Such affidavit shall be filed prior to any vote or decision upon the matter of the Board of Directors, and if required by said Chapter, the interested Director shall abstain from any vote or decision upon the matter.

Section 2.4. Ethics. It is the policy of the District that Directors and officers conduct themselves in a manner consistent with sound business and ethical practices; that public interest always be considered in conducting District business; and the appearance of impropriety be avoided to ensure and maintain public confidence in the District. Any rules of ethical conduct adopted from time to time by the City shall apply to the District and its Directors.

Section 2.5. Compensation of Directors. Directors shall not receive any compensation for their services as Directors except that they shall be reimbursed for their actual expenses incurred in the performance of their official duties.

Section 2.6. Meetings of Directors in General. All formal action of the Board of Directors shall be conducted at properly noticed public meetings. The Board of Directors may hold its meetings at any place authorized by state law and as the Board of Directors may from time to time determine; provided that, in the absence of any such determination by the Board of Directors, the meetings shall be held at the City Council Chambers of the City. The Board of Directors shall conduct its meetings in accordance with the requirements the Texas Open Meetings Act, Chapt. 551, Tex. Gov't. Code, as amended, and any other applicable law.

Section 2.7. Regular Meetings. Regular meetings of the Board of Directors shall be held within the City at such times and places as shall be designated, from time to time, by resolution of the Board of Directors.

Section 2.8. Special Meetings. Special meetings of the Board of Directors shall be held within the City whenever called by the president, by the secretary, or by a majority of the Directors then in office, or upon advice of or request by the City Council. Except as otherwise provided by law or unless otherwise indicated in the notice thereof, any and all matters pertaining to the purposes of the District may be considered and acted upon at a special meeting.

Section 2.9. Notice of Meetings. The secretary or their designee shall notify Directors by electronic mail, telephone, or in person of each meeting and give or cause public notice to be given of

each meeting in compliance with applicable law. Passage of a resolution identifying regular meetings dates constitutes notice to Directors for all meetings listed on the resolution. Notice of regular meetings need not be given to each of the Directors once identified in a resolution, but public notice of each meeting shall still be given in the manner prescribed by law.

Section 2.10. Quorum. A majority of the Directors appointed to serve as Director shall constitute a quorum for the consideration of matters pertaining to the purposes of the District. 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, unless an act of a greater number is required by law.

ARTICLE III – OFFICERS

Section 3.1. Titles and Term of Office. The officers of the District shall be a resident, a vice president, a secretary and a treasurer, and such other officers as the Board of Directors may from time to time elect or appoint from the members of the board. One person may hold more than one office, except the president shall not hold the office of secretary or vice-president. All officers shall be subject to removal from office with or without cause at any time by a majority vote of the other Directors then in office. A vacancy in any office shall be filled by appointment by a majority vote of the Directors then in office.

Section 3.2. President. The president shall be the presiding officer of the District, and, subject to the control of the Board of Directors, the president shall be in charge of the properties and affairs of the District; the president shall preside at all meetings of the Board of Directors; in furtherance of the purposes of this District, the president may sign and execute all contracts, conveyances, franchises, bonds, deeds, assignments, mortgages, notes and other instruments in the name of the District after the same are approved for action by the Board of Directors.

Section 3.3. Vice President. The vice president shall have such powers and duties as assigned by the Board of Directors and shall exercise the powers of the president during the president's absence or inability to act. Any action taken by the vice president in the performance of the duties of the president shall be conclusive evidence of the absence or inability of the president to act at the time such action was taken.

Section 3.4. Treasurer. The treasurer shall have custody of all the funds and securities of the District that come into his or her hands. The treasurer may sign or endorse, on behalf of the District, for collection or payment, checks, notes and other obligations as approved by the Board of Directors and shall deposit any funds received to the credit of the District in such bank or banks or depositories designated by the Board of Directors. Whenever required by the Board of Directors, the treasurer shall render a statement of any and all accounts and other financial assets of the District as well as a detailed report of all monies received and paid out on account of the District. The treasurer shall perform all acts incident to the position of treasurer subject to the control of the Board of Directors, including, if required by the Board of Directors, giving bond for the faithful discharge of their duties in such form as the Board of Directors may require.

Section 3.5. Secretary. The secretary shall keep the minutes of all meetings of the Board of Directors and shall attend to giving and serving notices. In furtherance of the corporate purposes, the

secretary may attest or sign with the president, in the District's name, all contracts, conveyances, franchises, bonds, deeds, assignments, mortgages, notes and other instruments of the District. The secretary shall have charge of the corporate books, records, and all records of the securities of which the treasurer shall have custody, and such other books and papers as the Board of Directors may direct, all of which shall during business hours be open to inspection by any Director upon request. The secretary shall in general perform all duties incident to the office of secretary subject to the control of the Board of Directors. In the absence of the secretary, the president may appoint any other person to act as secretary during such absence.

ARTICLE IV – FINANCIAL TERMS

Section 4.1. Fiscal Year The fiscal year of the District shall commence on October 1 of each year and end on September 30.

Section 4.2. Annual Budget. Within 60 days of its first meeting, and on or before August 1 of each year, the Board shall prepare and present a proposed budget of expected revenues and proposed expenditure for the next ensuing fiscal year to the City Council for approval. The District shall expend funds consistent with the Board adopted and Council approved budget. The Board shall amend the budget as necessary to maintain accuracy and shall reconcile the budget to reflect actual spending after the end of the fiscal year. The Board is not required to submit amended or reconciled budgets to City Council unless such budgets reflect a greater than 10% increase in total expenditures from the budget last approved by City Council

Section 4.3. Bonds and Other Obligations. Subject to the approval of City Council, the District may issue bonds, including revenue bonds and refunding bonds, or other obligations to pay the costs of an approved development project. The bonds or other obligations and the proceedings authorizing the bonds or other obligations shall be submitted to the Attorney General for review and approval as required by Chapter 1202, Government Code. The bonds or other obligations must be payable from and secured by the revenues of the District. The bonds or other obligations may mature serially or otherwise not more than 30 years from their date of issuance. The bonds or other obligations are not a debt of and do not create a claim for payment against the revenue or property of the District other than a development project for which the bonds are issued.

Section 4.4. Insurance The District may purchase and maintain insurance, at its expense, to protect itself and any person who is or was serving as a Director or employee of the District against any expense, liability or loss.

ARTICLE V – GENERAL PROVISIONS

Section 5.1. Effective Date. These Bylaws, and any amendments thereto, shall become effective only upon approval by both City Council and the Board of Directors.

Section 5.2. Interpretation of Bylaws. These Bylaws shall be liberally construed to effectuate the purposes set forth herein. If any word, phrase, clause, sentence, paragraph, section or other part of these Rules, or the application thereof to any person or circumstance, shall ever be held to be invalid or

unconstitutional by any court of competent jurisdiction, the remainder of these Rules not so affected by such holding of any such court, and the application of such word, phrase, clause, sentence, paragraph, section or other part of these Rules to any other person or circumstance shall not be affected thereby.

Section 5.3. Seal. The seal of the District shall be as determined by the Board of Directors.

Section 5.4. Right to Indemnification. To the fullest extent allowed by law, the District shall indemnify all Directors and employees of the District against expenses (including attorney's fees) and amounts paid in settlement actually and reasonably incurred by a Director or employee in connection with the defense of any civil, criminal or administrative action, suit or proceeding in which the Director or employee is made a party or with which the Director or employee is threatened, by reason of being or because of any act as District Director or employee within the course and scope of their duties and/or employment if the Director or employee acted in good faith and in a manner in which the Director or employee reasonably believed to be in or not opposed to the best interest of the District.

Section 5.5 Limit on Indemnification. Notwithstanding the foregoing, a Director or employee shall not be entitled to indemnification regarding (i) any matter in which they shall be adjudged by a court of competent jurisdiction to be liable for intentional acts of misconduct or gross negligence in the performance of their duties, or (ii) any matter in which they fail to notify the District of a claim within a reasonable time or fails to cooperate in the defense of such claim, but only to the extent that the defense of such claim is prejudiced by their failure to give notice or to cooperate.

Section 5.6. Approval of the City Council. To the extent these Bylaws refer to any approval or action to be taken by the City, such shall be evidenced by a copy of the resolution or ordinance duly adopted by the City Council.

Section 5.7. Organizational Control. The City Council may, in its sole discretion and at any time, alter or change the structure, organization or activities of the District, subject to state law and the Texas Constitution and any limitation on the impairment of contracts.

Section 5.8. Dissolution of the District. Upon a proper and legal dissolution of the District, title to or other interests in any real or personal property then owned by the District shall vest in the City except and unless prohibited by Texas law and as otherwise authorized by the City Council.

Section 5.9: Confidentiality. The District, as an entity, is entitled to confidentiality and privileges authorized by law, such as attorney-client communication, and the authorization to hold closed meetings provided within the Texas Open Meetings Act. Except as otherwise required by law, Directors may not disclose information discussed in a closed meeting, attorney-client communication, or other confidential or privileged information of the District without express permission, or release of that privilege, from the District by and through a vote of its Board of Directors.