

**BYLAWS OF THE
NORTHEAST TEXAS RURAL RAIL TRANSPORTATION
DISTRICT**

PREAMBLE

The Northeast Texas Rural Rail Transportation District comprised and formed by Titus, Franklin, Hopkins, Delta, Hunt and Collin Counties, Texas, ("District"), a public body and politic, was created and exists pursuant to Texas Rev. Stat. Ann Art. 6550c; as amended ("Act"). The commissioners Courts of the forming Counties established the District's official name, the Northeast Texas Rural Rail Transportation District, by order adopted November 21, 1994, Pursuant to Section 4 (c) and (d) of Act, power is granted to the District's Board ("Board") to adopt rules and regulations and such bylaws as it may deem necessary. The Bylaws of the Board are as follows:

ARTICLE I

OFFICES, DOMICILE AND SERVICE

Section 1. OFFICES. The principal executive offices and the principal operating offices of the District are located at 641 Church Street, Sulphur Springs, Texas. The District may have such offices as the business of the District may require or make desirable as determined by the Board of Directors.

Section 2. DOMICILE. The domicile of the District is compromised of those counties originally forming the District, and any County or Counties which by order have subsequently joined the District.

Section 3. SERVICE OF PROCESS. The District may be served through its Chairman, Secretary or through an Assistant Secretary to the Board designated by resolution of the Board.

ARTICLE II

Section 1. GENERAL POWERS. The responsibility for the management, control and operation of the District and its properties is vested in the Board.. The Board shall exercise its responsibility by adopting general policies of the District, including the adoption of annual capital and operating budgets and the establishment of the goals of the District, and by monitoring the performance of the Board, for compliance with the Board's policies and goals. The Board is responsible for managing the District's transportation system in compliance with the budget and the Board's policies. Further, all operations of the District are contemplated as being essential governmental functions and

not proprietary functions for all purposes, including the application of the Texas Tort Claims Act.

Section 2. BOARD MEMBER NUMBER AND TENURE. The Board shall consist of two members from each County comprising the District, with said members appointed by the Commissioners Court of each participating County (Sect.4 (a)). Board members from counties that contain operating rail, or right of way owned by the District, are considered as voting members of the District. Terms of office of the members of the Board are two years (Sect.4 (b)). Each Board Member continues to serve until his successor has been appointed and qualified. As vacancies occur, the Board will recommend nominees, to fill the vacancy, to the appropriate commissioner's court.

Section 3. QUALIFICATIONS. The members of the Board shall be resident citizens of the District (Sect. 4(b)). No member of the Board shall have a pecuniary interest, be benefited directly or indirectly, in any contract or agreement to which the District is a party (Sect.4 (e)).

Section 4. REMOVAL. Any member of the Board may be removed from office pursuant to the procedures established by (Sect 4(b)) the Act.

Section 5. VACANCIES Any vacancy in a position on the Board, whether by death, resignation, disqualification, incapacity to serve or removal from office, shall be filled for the remainder of the term of position, in a manner provided for the appointment of the position (Sect. 4(b)). Vacancies on the Board shall not impair the power of the Board to transact any and all business of the District.

Section 6. REGULAR MEETINGS. Regular meetings shall be held at such times, places, and days as the Board by resolution may specify (Sect. 4(c)). Other than notice pursuant to the Open Meetings Act, no further notice of regular meetings is required.

Section 6A. TELECONFERENCE MEETINGS. The Board may hold its meetings in any manner permitted by law, including by conference telephone or similar communications equipment by means of which all participants can hear each other. Any action which may not be taken at a meeting of the Board or of any committee may be taken without a meeting of consent, in writing, setting forth the action to be taken, shall be signed by all the Board members, or all the members of the committee, as the case may be. Such consent shall have the force and effect as an unanimous vote of the Board taken at a regular or special meeting duly called and convened.

Section 7. SPECIAL MEETINGS. Special meetings of the Board may be called by the Chairman or the General Manager or by the Executive Committee as may be necessary (Sect 4(c)). The Chairman or the General Manager or the Executive Committee may fix any time and any place within the boundaries of the State for holding a special meeting of the Board called by them, and each time and place shall be set out in a written notice of the special meeting supplied to the members of the Board. The written notice may be delivered personally, mailed to the each Board member at the usual business or

residence address, or delivered when deposited in the United States Mail, properly addressed, with sufficient first class postage thereon, prepared at least five (5) days prior to the scheduled meeting. If notice is hand delivered, such notice shall be deemed to have been delivered when delivered to each Board member's usual business or residence address at least twenty-four (24) hours prior to the scheduled meeting. The signing of a written waiver of notice of any special meeting by a member of the Board, whether before or after the time stated therein, shall be equivalent to the receiving of such notice. Attendance of a Board member at a special meeting shall also constitute waiver of notice of such meeting, except when a Board member attends a special meeting for the express purpose and announced purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened, which objection shall be voiced at the beginning of the meeting with the request that such objection be entered into the minutes of the meeting. The written notice of any special meeting of the Board shall state the purpose or purposes for which such meeting is called.

Section 8. QUORUM. A majority of the members of the Board shall constitute a quorum of the Board for the purpose of conducting its business and exercising its powers (Sect. 4(c)). If a quorum is not present at a meeting of the Board, a majority of the Board members present may adjourn the meeting to another time and place. Notice of any such adjourned meeting shall be given to all Board members in accordance with Section 7 of the Article II.

Section 9. OFFICERS. The members of the Board shall elect from among their number presiding officers (Sect. 4 (c)). These presiding officers shall consist of a Chairman, Vice-Chairman, Secretary and Treasurer. Such officers of the Board shall be elected annually at the Board's first meeting of the year for a term to expire at the first meeting of the succeeding year. Each officer of the Board holds office until his successor is duly elected and qualified or until his earlier death, resignation, disqualification, incapacity to serve, removal from office, or otherwise. The Board shall fill any vacancy in any office of the Board by election, such appointment to continue until the expiration of the current term of the office which becomes vacant.

Section 10. PROCEDURE AT MEETINGS. The Chairman shall preside at the meeting of the Board. In the absence of the Chairman at any meeting, the Vice-Chairman shall preside. In the absence of both the Chairman and Vice-Chairman at any meeting, any member of the Board selected by the members present shall preside. The Secretary or one of the Assistance Secretaries shall act as secretary at all meetings of the Board. In their absence, the presiding officer of the meetings of the Board, may designate any person to act as Secretary. At meetings of the Board, the business shall be transacted in such order as the Board may from time to time determine.

Section 11. POWERS AND DUTIES OF BOARD OFFICERS.

(A) Chairman.

1. The Chairman shall preside at all meetings of the Board.
2. The Chairman shall determine by inspection and investigation if orders

and resolutions promulgated by the Board are being carried into effect, and report from time to time findings to the Board.

3. The Chairman may sign and execute for, and on behalf, of the District contracts of insurance bonds, deeds, mortgages, debentures, contracts, or any other instruments or documents of whatever nature which the Board has authorized to be executed.
4. With the assistance of the General Manager or the Executive Committee, the Chairman shall establish the proposed agenda for each Meeting of the Board.
5. The Chairman shall perform, in general, all duties incident to the office of Chairman and such other duties as may be prescribed by these Bylaws or assigned by the Board from time to time.

(B) Vice-Chairman. The Vice-Chairman shall preside at any meeting of the Board when the Chairman is absent and shall perform the duties of the Chairman in case of the disability of the Chairman, or when requested to perform such duties by the Chairman, and shall perform such other duties as may from time to time be assigned by the Chairman or by the Board.

(C) Secretary

1. The Secretary shall be custodian of the seal and shall, as necessary or appropriate, execute or affix the seal of the District to all contracts of insurance, bonds, deeds, mortgages, debentures, contracts or any other documents of whatever nature which the Board has authorized to be executed or which any Board member, officer or staff member of the District has authority to execute, and attest to same. The Secretary may adopt a facsimile signature to be utilized for such purposes.
2. The Secretary shall keep the permanent records of all proceedings and transactions of the District, shall keep the minutes of all official meetings of the Board in one or more books provided for such purpose, and see that notices are duly given in accordance with the provisions of these bylaws as required by law.
3. The Secretary shall perform in general, all the duties incident to the office of Secretary and such other duties as may be assigned by the Board.

(D). Assistance Secretaries.

1. By resolution, the Board may from time to time appoint one or more Assistant Secretaries, either members or non-members of the Board, who shall serve until their successors are appointed.
2. Any Assistant Secretary, of the District may perform all duties and exercise all the powers of the Secretary in case of the absence or disability of the Secretary, or upon request of the Chairman or the Secretary.

(E). Treasurer.

The Treasurer shall be the Custodian of all funds, income, and expenditures and shall report such transactions regularly to the Board, including monthly and annual reports and whatever deemed necessary by the Board.

Section 12. MANNER OF ACTING. On any question presented, the number of members present shall be recorded by the Secretary or one of the Assistance Secretaries. Action may be taken by the District upon a vote of a majority of the Board Members present, unless the act of a greater number shall be required by or by these bylaws (Sect. 4 (c) and (d)).

Section 13. BOARD COMMITTEES. The Chairman shall appoint the members of the standing committees of the Board at the first regular January meeting of the Board. The four standing committees of the Board are Future Programs, Internal Operations, Transit Services, and Budget and Finance. Further, the Chairman may establish and appoint the members of additional Board Committees from time to time. The Chairman may refer any matter to a Board Committee for consideration.

Section 13A. EXECUTIVE COMMITTEE. The Board by resolution, adopted by a majority of the Board members, may designate three (3) or more members to constitute and Executive Committee, which committee, to the extent provided in such resolution, shall have and may exercise all of the authority of the Board in the management of the District, except where action of the Board is specified by law. The Executive Committee shall act in the manner provided in such resolution.

Section 14. COMPENSATION. To the extent sums are available, each member of the Board is entitled to the sum of fifty and no/100 dollars (\$50.000) for each official meeting of the Board attended, not to exceed five meetings in a calendar month. The minutes of each official meeting of the Board or a committee shall reflect each member of the Board in attendance. Each member of the Board shall be reimbursed for necessary and reasonable expenses incurred in the discharge of duties.

Section 15. PRESUMPTION OF ASSENT. Any member of the Board who is present at a meeting of the Board at which action on any District matter is taken is presumed to have assented to the action with the Secretary or Assistant Secretaries before the adjournment of the meeting or forward such dissent or abstention by registered mail to the Secretary or Assistant Secretaries.

ARTICLE III

Section 1. DEPOSITORIES. All funds of the District, shall be deposited from time to time to the credit of the District in such banks as the Board may from time to time designate, and upon such terms and conditions as shall be fixed by the Board, unless otherwise required by orders or resolutions authorizing the issuance of the District's bonds or notes (Sect. 6 (c)). The Board may from time to time authorize the opening and maintaining of general or special account within any such depository as it may designate,

and may make such special rules and regulations with respect hereto as it may deem expedient. To the extent that funds in the depository bank or banks are not insured by the Federal Deposit Insurance Corporation, they shall be insured in the manner provided by law for the security of funds of Counties of the State of Texas.

Section 2. INVESTMENTS. The Board by resolution, may provide that an authorized representative of the District may invest and reinvest the funds of the District and provide for money to be withdrawn from the appropriate accounts of the District for such investments on terms as the Board considers advisable. Such investments must be made in direct or indirect obligations of the United States, the State, or any county, city, school district or other political subdivision of the State, or in certificates of deposit of state or national banks within the State of Texas, provided that such certificates are secured in the manner provided for the security of the funds of Counties of the State of Texas.

ARTICLE 1V AUDIT AND BUDGET

Section 1. AUDIT. The Board each year shall have prepared an audit of its affairs by an independent certified public accountant or a firm of certified public accountants, which audit shall be open to public inspection. Such auditors shall have no personal interest directly or indirectly in the fiscal affairs of the District and shall be experienced and qualified in the accounting and auditing of public bodies. It is provided, however, that the District's auditors may undertake consulting services for the District in addition to their duties in connection with the annual audit.

Section 2. BUDGET. Prior to the commencement of a fiscal year, the Board shall adopt an annual operating budget which specifies major expenditures by type and amount. Before the Board adopts its annual operating budget, it shall conduct a public hearing and shall make the proposed annual operating budget available to the public at least fourteen days prior to the hearing. The District may not make operating expenditures for a fiscal year unless the Board amends the operating budget by resolution after public notice and hearing. Further, prior to the commencement of a fiscal year, the Board shall adopt an annual capital budget.

ARTICLE V INDEMNIFICATION OF BOARD MEMBERS

Each Board member is indemnified by the District against any liability imposed upon the member for any expenses reasonably incurred in connection with any claim made against the member, or any action, suit or proceeding to which the member may be a party by reason of being, or having been, a Board member, and against such sums as counsel selected by the Board shall deem reasonable payment made in settlement of any such claim, action, suit or proceeding; provided, however, that no Board member shall be indemnified with respect to actual damages arising out of a cause of action for a willful

act or omission, an act or omission constituting gross negligence or official misconduct, or respect to matters for which such indemnification would be unlawful or against public policy. Any right of indemnification granted by this Article V is disallowed by any competent court or administrative body as illegal or against public policy, then any Board member with respect to whom such adjudication was made, and any other Board member, shall be indemnified to the fullest extent possible in conformity with these bylaws, all applicable laws and public policy. The District may purchase and maintain insurance on behalf of any person who is or was a Board member of the District against any liability asserted against him in such a capacity, or arising out of his status as such, The indemnification provided herein shall inure to the benefit of the heirs, executors, and administrators of the Board members of the District.

ARTICLE VI
SEAL

The Seal shall be in such form as the Board shall approve, and such seal, or facsimile thereof, may be impressed on, affixed on, affixed to, or in any manner reproduced upon, instruments of any nature required to be executed by Officers of the District.

ARTICLE VII
FISCAL YEAR

The fiscal year of the District shall begin and end on such dates as the Board at any time shall determine by resolution.

ARTICLE VIII
AMENDMENTS TO BYLAWS

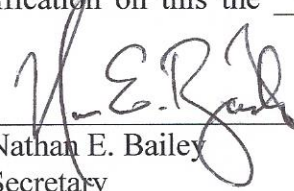
These bylaws may be altered, amended or repealed, or new bylaws may be adopted, by a majority vote of the Board at any regular meeting of the Board or at any special meeting of the Board for which notices have been mailed to each Board member at least five days prior to such meeting, pursuant to Section 7. of Article II.

CERTIFICATE BY SECRETARY

The undersigned, being the Secretary of the Northeast Texas Rural Rail Transportation District, certifies that these bylaws were duly revised, amended and adopted by the Board of the District effective as of July 13, 2011.

IN WITNESS WHEREOF, I have signed this certification on this the 9th day of August, 2011.

Angie Huie
Notary
7/8/13



Nathan E. Bailey
Secretary

