

EXHIBIT A

RESTATED CERTIFICATE OF FORMATION
(WITH AMENDMENTS)

We, the undersigned natural persons, each of whom is at least eighteen (18) years of age or more, and a resident and a qualified voter of the City of Galveston, Texas (the “City”) and a citizen of the State of Texas, acting as incorporators of a corporation under the provisions of Subchapter D of Chapter 431, Texas Transportation Code (the “Act”), and Chapter 394, Texas Local Government Code, do hereby adopt the following Restated Certificate of Formation (With Amendments, hereafter referred to as same or as “Articles of Incorporation”) for such corporation.

The text of the entire Articles of Incorporation as amended or supplemented by all certificates of amendment previously issued by the Secretary of State and as additionally amended by this Restated Certificate of Formation are as follows:

ARTICLE I

The name of the corporation is GALVESTON ISLAND REDEVELOPMENT AUTHORITY (the “Authority”).

ARTICLE II

The Authority is a public non-profit corporation.

ARTICLE III

The period of duration of the Authority shall be perpetual.

ARTICLE IV

The Authority is organized and will be operated exclusively for one or more charitable purposes, within the meaning of Section 501(c)(3) of the U.S. Internal Revenue Code of 1986, as amended (the “Code”). The Authority is organized for the purpose: of aiding, assisting, and acting on behalf of the City of Galveston (the “City”) in the performance of its governmental functions to promote the common good and general welfare of the following areas: (i) Reinvestment Zone Number Thirteen, City of Galveston, Texas (“TIRZ 13”), (ii) any other tax increment reinvestment zones created in the future by the City pursuant to Chapter 311 of the Texas Tax Code (collectively, the “Zones”) and neighboring areas, and as the boundaries of the Zones may be amended from time to time (the “TIRZ Area”), (iii) any area where a project is to be wholly or partially funded by federal grant funds, (iv) any areas designated as a state or federal enterprise or empowerment zone, (v) any areas designated as special district or economic development district created by or consented to by the City pursuant to Texas law, and (vi) any area so designated by the City Council of the City and Chair of the Authority that is determined to be consistent with this Article IV (collectively, items (iii)-(v), (“Economic Development Areas”); to promote, develop, encourage and maintain housing, employment, commerce, transportation and economic development in the City; to administer, manage and supervise

economic development vehicles and tools, including land banks and City approved 380 agreements, implemented by or on behalf of the City.

The Authority is further organized to aid, assist and act on behalf of the City and the Board of Directors of the Zones:

(a) in the implementation of the Project Plans and the Reinvestment Zone Financing Plans for the Zones and the preparation and implementation of amendments thereto;

(b) in the development of policies to finance development of residential, commercial, transportation and public properties in the TIRZ Area and Economic Development Areas;

(c) in the development and implementation of development policies for the TIRZ Area and Economic Development Areas, including the acquisition of land for development purposes; and

(d) in the development, construction, acquisition, maintenance and administration of any other project in the TIRZ Area or Economic Development Area.

The Authority is formed pursuant to the provisions of the Act as it now or may hereafter be amended, and Chapter 394, Texas Local Government Code, which authorizes the Authority to assist and act on behalf of the City and to engage in activities in the furtherance of the purposes for its creation, provided that the Authority shall not be authorized to make or acquire home mortgages, or to make loans to lending institutions or other entities the proceeds of which are to be used to make home mortgages or to make loans on residential developments.

The Authority shall have and exercise all of the rights, powers, privileges, authority, and functions given by the general laws of Texas to non-profit corporations incorporated under the Act including, without limitation, Texas Business Organizations Code Ch. 22 Non-Profit Corporations.

The Authority shall have all other powers of a like or different nature not prohibited by law which are available to non-profit corporations in Texas and which are necessary or useful to enable the Authority to perform the purposes for which it is created, including the power to issue bonds, notes or other obligations, and otherwise exercise its borrowing power to accomplish the purposes for which it was created, provided that the Authority shall not issue bonds without the consent of the City Council of the City.

The Authority is created as a local government corporation pursuant to the Act and shall be a governmental unit within the meaning of Subdivision (2), Section 101.001, Texas Civil Practice and Remedies Code. The operations of the Authority are governmental and not proprietary functions for purposes of the Texas Tort Claims Act, Section 101.001 et seq., Texas Civil Practice and Remedies Code. The Authority shall have the power to acquire land in accordance with the Act as amended from time to time.

ARTICLE V

The Authority shall have no members and shall have no stock.

ARTICLE VI

All powers of the Authority shall be vested in a Board consisting of seven (7) persons. Additional persons may be added to the Board by the Authority in accordance with the provisions of the Bylaws. The current directors of the Authority (“Director” or “Directors”) are persons named in Article VIII. Each current Director named in Article VIII hereof shall serve for the term prescribed in the Bylaws. Subsequent Directors shall be appointed by position to the Board as prescribed in the Bylaws. Except as provided in the Articles of Incorporation, each Director shall serve for the term provided in the Bylaws. Any Director may be removed from office at any time, with or without cause, by the Mayor and City Council of the City.

The current President of the Board is John Manlove and the Mayor and City Council of the City shall designate each subsequent President of the Board.

If any of the following persons is not serving as a member of the Board, he or she shall serve as ex-officio, non-voting member of the Board:

- (1) City Manager;
- (2) Director of the City Department of Public Works and Municipal Utilities;
- (3) City Attorney;
- (4) Director of the City Planning and Development Department;
- (5) Director of Galveston Economic Development Partnership;
- (6) City Finance Director;
- (7) The Chairpersons of the Boards of Directors of the Zones; and
- (8) A member from the City Finance and Fiscal Affairs Committee.

In addition, the Board of Directors of the Authority may designate one or more representatives of Galveston County, Galveston College, Galveston County Navigation District No. 1, or other political subdivisions as ex officio, non-voting members of the Board of Directors.

All other matters pertaining to the internal affairs of the Authority shall be governed by the Bylaws of the Authority, so long as such Bylaws are not inconsistent with these Articles of Incorporation, or the laws of the State of Texas.

ARTICLE VII

The Authority’s registered agent is Donald Glywasky, City Attorney, City of Galveston, Texas. The registered address of the Authority is 823 Rosenberg, Galveston, Texas 77554. The

registered agent has consented to the appointment in writing pursuant to Section 5.201(b) of the Texas Business Organizations Code. The written consent shall be maintained in the Authority's records.

ARTICLE VIII

The names and addresses of the seven (7) current Directors, each of whom resides within the City, are:

<u>NAME</u>	<u>ADDRESS</u>
John Manlove President	823 Rosenberg, Galveston, Texas 77550
Kyle Albright	823 Rosenberg, Galveston, Texas 77550
Lisa Blair	823 Rosenberg, Galveston, Texas 77550
Leon Phillips	823 Rosenberg, Galveston, Texas 77550
Patricia Bolton-Legg	823 Rosenberg, Galveston, Texas 77550
Christopher Robb	823 Rosenberg, Galveston, Texas 77550
John Lightfoot	823 Rosenberg, Galveston, Texas 77550

ARTICLE IX

Ordinance No. 02071 approving the original Articles of Incorporation was adopted by the City Council of the City on August 22, 2002; Ordinance No. 06-055 approving the form of this Restated Certificate of Formation was adopted on June 26, 2006. Finally, Ordinance No. _____ approving this Restated Certificate of Formation was passed by City Council on _____.

ARTICLE X

No Director shall be liable to the Authority for monetary damages for an act or omission in the Director's capacity as a Director, except for liability (i) for any breach of the Director's duty of loyalty to the Authority, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) for any transaction from which the Director received an improper benefit, whether or not the benefit resulted from an act taken within the scope of the Director's office, or (iv) for acts or omissions for which the liability of a Director is expressly provided by statute. Any repeal or amendment of this Article by the Directors shall be prospective only, and shall not adversely affect any limitation on the personal liability of a Director existing at the time of such repeal or amendment. In addition to the circumstances in which a Director is not personally liable as set forth in the preceding sentences,

a Director shall not be liable to the fullest extent permitted by any amendment to the Texas statutes hereafter enacted that further limits the liability of a Director.

ARTICLE XI

In accordance with the provisions of Section 501(c)(3) of the Code, and regardless of any other provisions of these Articles of Incorporation or the laws of the State of Texas, the Authority: (a) shall not permit any part of the net earnings of the Authority to inure to the benefit of any private individual (except that reasonable compensation may be paid for personal services rendered to or for the Authority in effecting one or more of its purposes); (b) shall not devote more than an insubstantial part of its activities to attempting to influence legislation by propaganda or otherwise; (c) shall not participate in, or intervene in (including the publication or distribution of statements), any political campaign on behalf of any candidate for public office; and (d) shall not attempt to influence the outcome of any election for public office or to carry on, directly or indirectly, any voter registration drives. Any income earned by the Authority after payment of reasonable expenses, debt and establishing a reserve shall accrue to the City.

The City shall, at all times, have an unrestricted right to receive any income earned by the Authority, exclusive of amounts needed to cover reasonable expenditures and reasonable reserves for future activities. No part of the Authority's income shall inure to the benefit of any private interests.

If the Board of Directors determines by resolution that the purposes for which the Authority was formed have been substantially met and all bonds issued by and all obligations incurred by the Authority have been fully paid, the Board shall execute a certificate of dissolution which states those facts and declares the Authority dissolved in accordance with the requirements of Section 394.026 of Texas Local Government Code, or with applicable law then in existence. In the event of dissolution or liquidation of the Authority, all assets will be turned over to the City for deposit, as appropriate, in the Tax Increment Funds for the Zones, unless the City Council shall otherwise direct.

If required by the City, any capital project(s) of the Authority as well as all plans and specifications of any improvement to be made by the Authority shall be approved by the Director of the Department of Public Works and Municipal Utilities of the City or his designee.

ARTICLE XII

If the Authority is a private foundation within the meaning of Section 509(a) of the Code, the Authority: (a) shall distribute its income for each taxable year at such time and in such manner as not to become subject to the tax on undistributed income imposed by Section 4942 of the Code; (b) shall not engage in any act of self-dealing as defined in Section 4941(d) of the Code; (c) shall not retain any excess business holdings as defined in Section 4943(c) of the Code; (d) shall not make any investments in such manner as to subject it to tax under Section 4944 of the Code; and (e) shall not make any taxable expenditures as defined in Section 4945(d) of the Code.

ARTICLE XIII

The City Council may at any time consider and approve an ordinance directing the Board to proceed with the dissolution of the Authority, at which time the Board shall proceed with the dissolution of the Authority in accordance with applicable state law. The failure of the Board to proceed with the dissolution of the Authority in accordance with this Section shall be deemed a cause for the removal from office of any or all of the Directors as permitted by Article VI of these Articles of Incorporation.

ARTICLE XIV

(1) This Restated Certificate of Formation (“Restatement”) is submitted for filing pursuant to Sections 3.057-3.063 and 22.107 – 22.109 of the Texas Business Organizations Code. This Restatement accurately copies the Restated and Amended Articles of Incorporation of the Galveston Island Redevelopment Authority (the “Authority”) that was filed with the Texas Secretary State on July 25, 2008, under file number 800133231, as further amended by this Restatement. The Restated and Amended Articles of Incorporation is amended by the Restatement in accordance with the provisions of the Texas Business Organizations Code. These Articles may not be changed or amended unless approved by the City Council of the City.

(2) Each of the amendments contained in this Restated Certificate of Formation has been effected in accordance with the requirements of the Texas Business Organizations Code and the Authority’s governing documents. A majority of the Board of Directors of the Authority approved the amendments, this Restated Certificate of Formation, and the By Laws at its meeting on September 14, 2020, at which a quorum was present.

The amendments specifically contained in this Restated Certificate of Formation are:

- a) Expanding the Board from five members to seven members;
- b) Article IV is amended to provide that the Authority may include land banks and city approved agreements authorized under Tex. Loc. Gov’t Code Ch. 380 (“380 agreements”) to administer, manage and supervise economic development vehicles and tools, “including land banks and City approved 380 agreements, implemented by or on behalf of the City.”
- c) Article VII has been changed to designate a new registered agent;
- d) Article VIII has been changed to list the current Board of Directors;
- e) Article IX, which listed the names of the original incorporators of the Authority, has been deleted and subsequently the Articles renumbered;
- f) Renumbered Article IX has been changed to include a reference to the approval of the City Council of the City of Galveston, Texas, to these changes; and

- g) References to the position of “Chairman” in Articles VI and VIII has been changed to the title of “President” in conformity with Tex. Loc. Gov’t Code 394.016(d).
- h) In accordance with Tex. Bus. Org. Code 3.059(d) the restated certificate of formation accurately states the text of the certificate of formation being restated and each amendment to the certificate of formation being restated; such amendments are set forth in Art. XIV (2)(a-g).

(3) This Restated Certificate of Formation becomes effective upon filing with the Texas Secretary of State.

GALVESTON ISLAND REDEVELOPMENT AUTHORITY

by John Manlove, President
Galveston Island Redevelopment Authority

Attest:

by John Lightfoot, Secretary
Galveston Island Redevelopment Authority

THE STATE OF TEXAS,
COUNTY OF GALVESTON.

BEFORE ME, the undersigned authority, on this day personally appeared John Manlove, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me as follows:

- 1) The amendments described in Article XIV of this Restated Certificate of Formation are a complete and truthful statement of the amendments voted on by the Board at its September 14, 2020, meeting; and
- 2) I am the President of the Board and make this statement in compliance with Tex. Loc. Gov't Code 394.016(d).

And having first been duly sworn according to law the affiant states the statements herein are true and correct based on his personal knowledge, that he executed the same for the purposes and consideration therein expressed.

John Manlove
President

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the ____ day of _____, 2020.

Notary Public in and for
The State of Texas

(NOTARY SEAL)

THE STATE OF TEXAS,
COUNTY OF GALVESTON.

BEFORE ME, the undersigned authority, on this day personally appeared John Lightfoot, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me as follows:

- 1) The amendments described in Article XIV of this Restated Certificate of Formation are a complete and truthful statement of the amendment voted on by the Board at its September 14, 2020, meeting.
- 2) I am the Secretary of the Board and make this statement in compliance with Tex. Loc. Gov't Code 394.016(d).

And having first been duly sworn according to law the affiant states the statements herein are true and correct based on his personal knowledge, that he executed the same for the purposes and consideration therein expressed.

John Lightfoot
Secretary

GIVEN UNDER MY HAND AND

SEAL OF OFFICE, this the ____ day of _____, 2020.

Notary Public in and for
The State of Texas

(NOTARY SEAL)

EXHIBIT “B”

AMENDED AND REVISED BYLAWS

OF

GALVESTON ISLAND REDEVELOPMENT AUTHORITY

A Texas Local Government Corporation

(Created on behalf of the City of Galveston)

Date of Adoption: _____

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AMENDED AND REVISED BYLAWS
OF
GALVESTON ISLAND REDEVELOPMENT AUTHORITY

ARTICLE I
PURPOSES

The Galveston Island Redevelopment Authority (the "Authority") is organized and will be operated exclusively for one or more charitable purposes, within the meaning of Section 501(c)(3) of the U.S. Internal Revenue Code of 1986, as amended (the "Code"). The Authority is organized for the purpose of aiding, assisting, and acting on behalf of the City of Galveston, Texas (the "City") in the performance of its governmental functions to promote the common good and general welfare of the following areas: (i) Reinvestment Zone Number Thirteen, City of Galveston, Texas ("TIRZ 13"), (ii) any other tax increment reinvestment zones created in the future by the City pursuant to Chapter 311 of the Texas Tax Code (collectively, the "Zones") and neighboring areas, and as the boundaries of the Zones may be amended from time to time (the "TIRZ Area"), (iii) any area where a project is to be wholly or partially funded by federal grant funds, (iv) any areas designated as a state or federal enterprise or empowerment zone, (v) any areas designated as special district or economic development district created by or consented to by the City pursuant to Texas law, and (vi) any area so designated by the City Council of the City and Chair of the Authority that is determined to be a consistent with this Article I (collectively, items (iii)-(v), ("Economic Development Areas"); to promote, develop, encourage and maintain housing, employment, commerce, transportation and economic development in the City; to administer, manage and supervise economic development vehicles and tools, including land banks and City approved 380 agreements, implemented by or on behalf of the City.

The Authority is further organized to aid, assist and act on behalf of the City and the Board of Directors of the Zones:

- (a) in the implementation of the Project Plans and the Reinvestment Zone Financing Plans for the Zones and the preparation and implementation of amendments thereto;
- (b) in the development of policies to finance development of residential, commercial, transportation and public properties in the TIRZ Area and Economic Development Areas;
- (c) in the development and implementation of development policies for the TIRZ Area and Economic Development Areas, including the acquisition of land for development purposes; and
- (d) in the development, construction, acquisition, maintenance and administration of any other project in the TIRZ Area or Economic Development Area.

The Authority is formed pursuant to the provisions of Subchapter D of Chapter 431, Texas Transportation Code (the "Act"), as it now or may hereafter be amended, and Chapter 394, Texas Local Government Code, which authorizes the Authority to assist and act on behalf of the

City and to engage in activities in the furtherance of the purposes for its creation, provided that the Authority shall not be authorized to make or acquire home mortgages, or to make loans to lending institutions, the proceeds of which are to be used to make home mortgages or to make loans on residential developments.

The Authority shall have and exercise all of the rights, powers, privileges, authority, and functions given by the general laws of Texas to non-profit corporations incorporated under the Act including, without limitation, Texas Business Organizations Code Ch. 22 Texas Non-Profits.

he Authority shall have all other powers of a like or different nature not prohibited by law which are available to non-profit corporations in Texas and which are necessary or useful to enable the Authority to perform the purposes for which it is created, including the power to issue bonds, notes or other obligations, and otherwise exercise its borrowing power to accomplish the purposes for which it was created, provided that the Authority shall not issue bonds without the consent of the City Council of the City.

The Authority is created as a local government corporation pursuant to the Act and shall be a governmental unit within the meaning of Subdivision (2), Section 101.001, Texas Civil Practice and Remedies Code. The operations of the Authority are governmental and not proprietary functions for purposes of the Texas Tort Claims Act, Section 101.001 et seq., Texas Civil Practice and Remedies Code. The Authority shall have the power to acquire land in accordance with the Act as amended from time to time.

ARTICLE II

BOARD OF DIRECTORS

Section 1. Appointment, Classes, Powers, Number, and Term of Office. All powers of the Authority shall be vested in the Board of Directors (the "Board"). The Board shall consist of seven persons. Directors of the Authority ("Director" or Directors") shall be appointed by position to the Board by the Mayor and City Council of the City.

Each Director shall serve for a term of three years, or until his or her successor is appointed by the City unless such Director has been appointed to fill an unexpired term in which case the term of the Director shall expire on the expiration date of the term of the Director whose position he or she was appointed to fill. These three-year terms shall begin on the filing of the Authority's Restated Certificate of Formation with the Texas Secretary of State. Any Director may be removed from office at any time, with or without cause, by the City Council. The number of Directors may only be increased or decreased by an amendment to these Bylaws by the Board with the consent of the City Council of the City.

If any of the following persons are not serving as a member of the Board, he or she shall serve as ex-officio, non-voting member of the Board:

- (1) City Manager;
- (2) Director of the City Department of Public Works and Municipal Utilities;

- (3) City Attorney;
- (4) Director of the City Development Department;
- (5) City Finance Director.

Any person designated as an ex-officio member of the Board is entitled to notice of and to attend meetings of the Board.

Section 2. Meetings of Directors. The Directors may hold their meetings and may have an office and keep the books of the Authority at such place or places within the City as the Board may from time to time determine; provided, however, in the absence of any such determination, such place shall be the registered office of the Authority in the State of Texas.

The Board shall meet in accordance with and file notice of each meeting of the Board for the same length of time and in the same manner and location as is required of a City under Chapter 551, Texas Government Code (the "Open Meetings Act").

The Authority, the Board, and any committee of the Board exercising the powers of the Board are subject to Chapter 552, Texas Government Code (the "Open Records Act").

Section 3. Annual Meetings. The annual meeting of the Board shall be held at the time and at the location in the City designated by the resolution of the Board for the purposes of transacting such business as may be brought before the meeting.

Section 4. Regular Meetings. Regular meetings of the Board shall be held at such times and places as shall be designated, from time to time, by resolution of the Board.

Section 5. Special and Emergency Meetings. Special and emergency meetings of the Board shall be held whenever called by the President of the Board or the Secretary or by a majority of the Directors who are serving duly appointed terms of office at the time the meeting is called.

The Secretary shall give notice of each special meeting in person, by telephone, facsimile, mail or telegraph at least three (3) days before the meeting to each Director and to the public in compliance with the Open Meetings Act. Notice of each emergency meeting shall also be given in the manner required of the City under Section 551.045 of the Open Meetings Act. Unless otherwise indicated in the notice thereof, any and all matters pertaining to the purposes of the Authority may be considered and acted upon at a special or emergency meeting. At any meeting at which every Director shall be present, even though without any notice, any matter pertaining to the purposes of the Authority may be considered and acted upon to the extent allowed by the Open Meetings Act.

Section 6. Quorum. A majority of the Board then appointed and serving shall constitute a quorum for the consideration of matters pertaining to the purposes of the Authority. If at any meeting of the Board there is less than a quorum present, a majority of those present may adjourn the meeting from time to time. The act of a majority of the Directors present and voting at a meeting at which a quorum is in attendance shall constitute the act of the Board,

unless the act of a greater number is required by law, by the Articles of Incorporation, or by these Bylaws.

A Director who is present at a meeting of the Board at which any corporate action is taken shall be presumed to have assented to such action unless his dissent or abstention shall be entered in the minutes of the meeting or unless he shall file his written dissent or abstention to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent or abstention by registered mail to the Secretary of the Authority immediately after the adjournment of the meeting. Such right to dissent or abstain shall not apply to a Director who voted in favor of the action.

Section 7. Conduct of Business. At the meetings of the Board, matters pertaining to the purposes of the Authority shall be considered in such order as from time to time the Board may determine.

At all meetings of the Board, the President shall preside, and in the absence of the President, the Vice President shall preside. In the absence of the President and the Vice President, a chairperson shall be chosen by the Board from among the Directors present.

The Secretary of the Authority shall act as secretary of all meetings of the Board, but in the absence of the Secretary, the presiding officer may appoint any person to act as secretary of the meeting.

Section 8. Executive Committee, Other Committees. The Board may, by resolution passed by a majority of the Directors, designate three (3) or more Directors to constitute an executive committee or other type of committee. To the extent provided in the authorizing resolution, a committee shall have and may exercise all of the authority of the Board in the management of the Authority, except where action of the Board is specified by statute. A committee shall act in the manner provided in the authorizing resolution. 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 office of the Authority, and shall report the same to the Board from time to time. Committees authorized to exercise the powers of the Board shall give notice of any meeting in the manner required for a meeting of the Board.

Section 9. Compensation of Directors. Directors, as such, shall not receive any salary or compensation for their services as Directors; provided, that nothing contained herein shall be construed to preclude any Director from receiving compensation which is not excessive and which is at commercially reasonable rates for personal services (rendered in other than a "Director" capacity) which are reasonable and necessary in carrying out the Authority's purposes.

Section 10. Board of Advisory Directors. The Board may establish a Board of Advisory Directors composed of citizens of the City of Galveston who are, in the judgment of the Board, qualified to advise with respect to the activities of the Authority. Members of the Board of Advisory Directors shall serve for a term of one (1) year or such longer term as may be fixed by the Board, not to exceed three years. Advisory Directors may be removed by the Board at any time with or without cause. The number of members of the Board of Advisory Directors

shall be fixed from time to time by the Board. The officers and Directors of the Authority may consult with the Board of Advisory Directors from time to time with respect to the activities of the Authority but the Board of Advisory Directors shall in no way restrict the powers of the Board nor limit its responsibilities or obligations. The Board of Advisory Directors shall have no responsibility for the management of the affairs of the Authority. Advisory Directors shall not receive any salary or compensation for their services as Advisory Directors; provided, that nothing contained herein shall be construed to preclude any Advisory Director from receiving compensation which is not excessive and which is at commercially reasonable rates for personal services (rendered in other than an "Advisory Director" capacity) which are reasonable and necessary in carrying out the Authority's purposes.

Section 11. Director's Reliance on Consultant Information. A Director shall not be liable if while acting in good faith and with ordinary care, he relies on information, opinions, reports, or statements, including financial statements and other financial data, concerning the Authority or another person, that were prepared or presented by:

- (a) one or more other officers or employees of the Authority;
- (b) legal counsel, public accountants, or other persons as to matters the officer reasonably believes are within the person's professional or expert competence; or
- (c) a committee of the Board of which the Director is not a member.

ARTICLE III

OFFICERS

Section 1. Titles and Term of Office. The officers of the Authority shall be a, a president, one or more vice presidents, a secretary, a treasurer, an investment officer, and such other officers as the Board may from time to time elect or appoint. One person may hold more than one office, except that the President shall not hold the office of Secretary. The term of office for each officer (other than the President) shall commence on the date of such officer's election and terminate on the earlier of: one year; the date that the officer is replaced by the board; or, if the officer is a member of the Board, the date that the officer is no longer a member of the Board. The President shall serve for the term designated by the Mayor and City Council of the City.

Section 2. Powers and Duties of the President. The President shall be a member of the Board and shall preside at all meetings of the Board. The President shall be designated by the Mayor and the City Council of the City. The President shall be the principal executive officer of the Authority and, subject to the Board, he or she shall be in general charge of the properties and affairs of the Authority. In furtherance of the purposes of the Authority and subject to the limitations contained in the Articles of Incorporation, the President, or Vice President may sign and execute all bonds, notes, deeds, conveyances, franchises, assignments, mortgages, notes, contracts and other obligations in the name of the Authority. He or she shall have such other duties as are assigned by the Board. The President may call special or emergency meetings of the Board.

Section 3. Powers and Duties of the Vice President. The Vice President shall be a member of the Board. A Vice President shall have such powers and duties as may be assigned to him or her by the Board or the President. The Vice President shall perform the duties and exercise the powers of the President upon the President's death, absence, disability, or resignation, or upon the President's inability to perform the duties of his or her office. 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 to act of the President at the time such action was taken.

Section 4. Reserved.

Section 5. Reserved, Treasurer. The Treasurer shall have custody of all the funds and securities of the Authority which come into his or her hands. When necessary or proper, he or she may endorse, on behalf of the Authority, for collection, checks, notes and other obligations and shall deposit the same to the credit of the Authority in such bank or banks or depositories as shall be designated in the manner prescribed by the Board; he or she may sign all receipts and vouchers for payments made to the Authority, either alone or jointly with such other officer as is designated by the Board; whenever required by the Board, he or she shall render a statement of his or her case account; he or she shall enter or cause to be entered regularly in the books of the Authority to be kept by him or her for that purpose full and accurate accounts of all moneys received and paid out on account of the Authority; he or she shall perform all acts incident to the position of Treasurer subject to the control of the Board; and he or she shall, if required by the Board, give such bond for the faithful discharge of his or her duties in such form as the Board may require.

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Board in books provided for that purpose; he or she shall attend to the giving and serving of all notices; in furtherance of the purposes of the Authority and subject to the limitations contained in the Articles of Incorporation, he or she may sign with the President in the name of the Authority and/or attest the signatures thereof, all contracts, conveyances, franchises, bonds, deeds, assignments, mortgages, notes and other instruments of the Authority; he or she shall have charge of the Authority's books, records, documents and instruments, except the books of account and financial records and securities of which the Treasurer shall have custody and charge, and such other books and papers as the Board may direct, all of which shall at all reasonable times be open to the inspection of any Director upon application at the office of the Authority during business hours; and, he or she shall in general perform all duties incident to the office of Secretary subject to the control of the Board.

Section 7. Compensation. Officers may be entitled to receive such salary or compensation for personal services which are necessary and reasonable in carrying out the Authority's purposes as the Board may from time to time determine, provided, that in no event shall the salary or compensation be excessive. Board members, even in their capacity as officers, are not entitled to compensation except as otherwise provided in Article II, Section 9.

Section 8. Officer's Reliance on Consultant Information. In the discharge of a duty imposed or power conferred on an officer of the Authority, the officer may in good faith and with ordinary care rely on information, opinions, reports, or statements, including financial

statements and other financial data, concerning the Authority or another person, that were prepared or presented by:

(a) one or more other officers or employees of the Authority, including members of the Board; or

(b) legal counsel, public accountants, or other persons as to matters the officer reasonably believes are within the person's professional or expert competence.

ARTICLE IV

MISCELLANEOUS PROVISIONS

Section 1. Fiscal Year. The fiscal year of the Authority shall begin October 1 of each year.

Section 2. Seal. The seal of the Authority shall be such as from time to time may be approved by the Board.

Section 3. Notice and Waiver of Notice. Whenever any notice whatever, other than public notice of a meeting given to comply with the Open Meetings Act, is required to be given under the provisions of these Bylaws, such notice shall be deemed to be sufficient if given by depositing the same in a post office box in a sealed postpaid wrapper addressed to the person entitled thereto at his or her post office address, as it appears on the books of the Authority, and such notice shall be deemed to have been given on the day of such mailing. A waiver of notice, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

Section 4. Resignations. Any Director, officer or Advisory Director may resign at any time. Such resignations 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 or Secretary. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

Section 5. Gender. References herein to the masculine gender shall also refer to the feminine in all appropriate cases and vice versa.

Section 6. Appropriations and Grants. The Authority shall have the power to request and accept any appropriation, grant, contribution, donation, or other form of aid from the federal government, the State, any political subdivision, or municipality in the State, or from any other source.

ARTICLE V

INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 1. Right to Indemnification. Subject to the limitations and conditions as provided in this Article V and the Articles of Incorporation, each person who was or is made a

party or is threatened to be made a party to or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, administrative, arbitrate or investigative (hereinafter a "proceeding"), or any appeal in such a proceeding or any inquiry or investigation that could lead to such a proceeding, by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was a Director or officer of the Authority or while a Director or officer of the Authority is or was serving at the request of the Authority as a director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise shall be indemnified by the Authority to the fullest extent permitted by the Texas Non-Profit Corporation Act, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Authority to provide broader indemnification rights than said law permitted the Authority to provide prior to such amendment) against judgments, penalties (including excise and similar taxes and punitive damages), fines, settlements and reasonable expenses (including, without limitation, attorneys' fees) actually incurred by such person in connection with such proceeding, and indemnification under this Article V shall continue as to a person who has ceased to serve in the capacity which initially entitled such person to indemnity hereunder. Subject to the limitations and conditions as provided in this Article V and the Articles of Incorporation each person specified above who was or is made a party or is threatened to be made a party to or is involved in any threatened, pending or completed action, suit or proceeding of a criminal nature, may be indemnified only after the dismissal of charges in favor of the accused person, at the option of the Board. The rights granted pursuant to this Article V shall be deemed contract rights, and no amendment, modification or repeal of this Article V shall have the effect of limiting or denying any such rights with respect to actions taken or proceedings arising prior to any such amendment, modification or repeal. It is expressly acknowledged that the indemnification provided in this Article V could involve indemnification for negligence or under theories of strict liability.

Section 2. Advance Payment. The right to indemnification conferred in this Article V shall include the right to be paid in advance or reimbursed by the Authority the reasonable expenses incurred by a person of the type entitled to be indemnified under Section 1 who was, is or is threatened to be made a named defendant or respondent in a proceeding in advance of the final disposition of the proceeding and without any determination as to the person's ultimate entitlement to indemnification; provided, however, that the payment of such expenses incurred by any such person in advance of the final disposition of a proceeding, shall be made only upon delivery to the Authority of a written affirmation by such Director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification under this Article V and a written undertaking, by or on behalf of such person, to repay all amounts so advanced if it shall ultimately be determined that such indemnified person is not entitled to be indemnified under this Article V or otherwise. The right to advance payment set forth in this section shall not apply in the case of criminal actions investigated or initiated by the State.

Section 3. Indemnification of Employees and Agents. The Authority, by adoption of a resolution of the Board, may indemnify and advance expenses to an employee or agent of the Authority to the same extent and subject to the same conditions under which it may indemnify and advance expenses to Directors and officers under this Article V; and the Authority may indemnify and advance expenses to persons who are not or were not Directors, officers,

employees or agents of the Authority but who are or were serving at the request of the Authority as a Director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise against any liability asserted against him or her and incurred by him or her in such a capacity or arising out of his or her status as such a person to the same extent that it may indemnify and advance expenses to Directors under this Article V.

Section 4. Appearance as a Witness. Notwithstanding any other provision of this Article V, the Authority may pay or reimburse expenses incurred by a Director or officer in connection with his or her appearance as a witness or other participation in a proceeding involving the Authority or its business at a time when he or she is not a named defendant or respondent in the proceeding.

Section 5. Non-exclusivity of Rights. The right to indemnification and the advancement and payment of expenses conferred in this Article V shall not be exclusive of any other right which a Director or officer or other person indemnified pursuant to Section 3 of this Article V may have or hereafter acquire under any law (common or statutory), provision of the Articles of Incorporation of the Authority or these Bylaws, agreement, vote of shareholders or disinterested Directors or otherwise.

Section 6. Insurance. The Authority may purchase and maintain insurance, at its expense, to protect itself and any person who is or was serving as a Director, officer, employee or agent of the Authority or is or was serving at the request of the Authority as a Director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic corporation, partnership, joint venture, proprietorship, employee benefit plan, trust or other enterprise against any expense, liability or loss, whether or not the Authority would have the power to indemnify such person against such expense, liability or loss under this Article V.

Section 7. Notification. Any indemnification of or advance of expenses to a Director or officer in accordance with this Article V shall be reported in writing to the members of the Board with or before the notice of the next regular meeting of the Board and, in any case, within the 12-month period immediately following the date of the indemnification or advance.

Section 8. Savings Clause. If this Article V or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Authority shall nevertheless indemnify and hold harmless each Director, officer or any other person indemnified pursuant to this Article V as to costs, charges and expenses (including attorneys' fees), judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative, to the full extent permitted by any applicable portion of this Article V that shall not have been invalidated and to the fullest extent permitted by applicable law.

ARTICLE VI

PROVISIONS RELATING TO MINORITY CONTRACTING

The Authority shall attempt to stimulate the growth of disadvantaged businesses inside the City by encouraging the full participation of disadvantaged businesses in all phases of its procurement activities and affording those disadvantaged businesses a full and fair opportunity to compete for Authority contracts. The Authority shall establish one or more programs designed to increase participation by disadvantaged businesses in contract awards which will conform to City approved programs. Any program established by the Authority shall provide that disadvantaged businesses certified by the City shall be the disadvantaged businesses certified for Authority contracts.

ARTICLE VII

CODE OF ETHICS

Section 1. Policy and Purposes.

(a) It is the policy of the Authority that Directors and officers conduct themselves in a manner consistent with sound business and ethical practices; that the public interest always be considered in conducting corporate business; that the appearance of impropriety be avoided to ensure and maintain public confidence in the Authority; and that the Board establish policies to control and manage the affairs of the Authority fairly, impartially, and without discrimination.

(b) This Code of Ethics has been adopted as part of the Authority's Bylaws for the following purposes: (a) to encourage high ethical standards in official conduct by Directors and corporate officers; and (b) to establish guidelines for such ethical standards of conduct.

Section 2. Conflicts of Interest.

(a) Except as provided in subsection (c), a Director or officer is prohibited from participating in a vote, decision, or award of a contract involving a business entity or real property in which the Director or the officer has a substantial interest, if it is foreseeable that the business entity or real property will be economically benefited by the action. A person has a substantial interest in a business (i) if his or her ownership interest is ten percent or more of the voting stock or shares of the business entity or ownership of \$15,000 or more of the fair market value of the business entity, or (ii) if the business entity provides more than ten percent of the person's gross income. A person has a substantial interest in real property if the interest is an equitable or legal ownership with a fair market value of \$2,500 or more. An interest of a person related in the second degree by affinity or the third degree by consanguinity to a Director or officer is considered a substantial interest.

(b) If a Director or a person related to a Director in the first or second degree by affinity or the first, second, or third degree by consanguinity has a substantial interest in a business entity or real property that would be pecuniarily affected by any official action taken by the Board, such Director, before a vote or decision on the matter, shall file an affidavit stating the nature and extent of the interest. The affidavit shall be filed with the Secretary of the Board.

(c) A Director who has a substantial interest in a business entity that will receive a pecuniary benefit from an action of the Board may vote on that action if a majority of the Board

has a similar interest in the same action or if all other similar business entities in the Authority will receive a similar pecuniary benefit.

- (d) An employee of a public entity may serve on the Board.

Section 3. Acceptance of Gifts. No Director or officer shall accept any benefit as consideration for any decision, opinion, recommendation, vote or other exercise of discretion in carrying out official acts for the Authority. No Director or officer shall solicit, accept, or agree to accept any benefit from a person known to be interested in or likely to become interested in any contract, purchase, payment, claim or transaction involving the exercise of the Director's or officer's discretion. As used here, "benefit" does not include:

- (a) a fee prescribed by law to be received by a Director or officer or any other benefit to which the Director or officer is lawfully entitled or for which he gives legitimate consideration in a capacity other than as a Director or officer;

- (b) a gift or other benefit conferred on account of kinship or a personal, professional, or business relationship independent of the official status of the Director or officer;

- (c) an honorarium in consideration for legitimate services rendered above and beyond official duties and responsibilities if:

- (1) not more than one honorarium is received from the same person in a calendar year;

- (2) not more than one honorarium is received for the same service; and

- (3) the value of the honorarium does not exceed \$250 exclusive of reimbursement for travel, food, and lodging expenses incurred by the Director or officer in performance of the services;

- (d) a benefit consisting of food, lodging, transportation, or entertainment accepted as a guest is reported as may be required by law.

Section 4. Bribery. A Director or officer shall not intentionally or knowingly offer, confer or agree to confer on another, or solicit, accept, or agree to accept from another:

- (a) any benefit as consideration for the Director's or officer's decision, opinion, recommendation, vote, or other exercise of discretion as a Director or officer;

- (b) any benefit as consideration for the Director's or officer's decision, vote, recommendation, or other exercise of official discretion in a judicial or administrative proceeding; or

- (c) any benefit as consideration for a violation of a duty imposed by law on the Director or officer.

Section 5. Nepotism. No Director or officer shall appoint, or vote for, or confirm the appointment to any office, position, clerkship, employment or duty, of any person related within the second degree by affinity (marriage relationship) or within the third degree of consanguinity (blood relationship) to the Director or officer so appointing, voting or confirming, or to any other Director or officer. This provision shall not prevent the appointment, voting for, or confirmation of any person who shall have been continuously employed in any such office, position, clerkship, employment or duty at least thirty (30) days prior to the appointment of the Director or officer so appointing or voting.

ARTICLE VIII

AMENDMENTS

A proposal to alter, amend, or repeal these Bylaws shall be made by the affirmative vote of a majority of the full Board then appointed and serving at any annual or regular meeting, or at any special meeting if notice of the proposed amendment be contained in the notice of said special meeting. However, any proposed change or amendment to the Bylaws must be approved by the City Council of the City to be effective.