

AMENDED  
BYLAWS  
OF  
INDUSTRIAL DEVELOPMENT CORPORATION  
OF THE CITY OF GALVESTON

A TEXAS NON-PROFIT CORPORATION

Date of Adoption \_\_\_\_\_

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BYLAWS  
OF  
INDUSTRIAL DEVELOPMENT CORPORATION  
OF THE CITY OF GALVESTON

ARTICLE I  
PURPOSES

Industrial Development Corporation of the City of Galveston the (the "Corporation") is organized for the purpose of aiding, assisting, and acting on behalf of the City of Galveston, Texas (the "City") to promote the common good and general welfare of the City, and to promote, develop, encourage and maintain employment, commerce and economic development in the City. The Corporation is formed pursuant to the provisions of Chapter 505 Texas Local Government Code (the "Act") which authorizes the Corporation to assist and act on behalf of the City and to engage in activities in the furtherance of the purposes for its creation and to issue bonds on behalf of the City with authorization of City Council.

The Corporation is further organized to establish, acquire, lease and lessee or lessor, purchase, construct, improve, enlarge, equip, repair, operate or maintain (any or all) improvements necessary or desirable to the promotion, development and maintenance of employment, commerce and economic development, including those types of projects authorized by Chapter 505 Texas Local Government Code including the prosecution and completion of beach renourishment, economic development, parks and street and drainage improvement projects.

The Corporation shall have and exercise all of the rights, powers, privileges, authority, and functions given by the general laws of Texas to non-profit corporations including, without limitation, Chapter 22 of the Texas Business organization Code. The Corporation 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 Corporation to perform the purposes for which it is created, including the power to enter into contracts, issue bonds, notes or other obligations with authorization from the City, and otherwise exercise its borrowing power to accomplish the purposes for which it was created.

## ARTICLE II

### BOARD OF DIRECTORS

Section 1. Appointment, Classes, Powers, Number, and Term of Office. All powers of the Corporation shall be vested in a Board consisting of seven (7) persons. Directors of the Corporation ("Director" or "Directors") shall be appointed by position to the Board. Each initial Director shall serve for the term expiring on the date set forth in the Articles of Incorporation. Subsequent Directors shall be appointed by the City Council of the City. Each subsequent Director shall serve for a term of two (2) 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. All positions are subject to a limit of serving three (3) consecutive terms, but this provision shall not be applied individually to a Director, e.g., if a person serves six (6) years in position seven (7) as a City Council appointee, that person is not prohibited from serving in position 2 if elected to City Council and duly appointed by Council. 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 the Articles of Incorporation as allowed by amendments to the Act.

Directors for each of the following positions shall have experience in the area indicated or hold the position specified below:

- (1) Position 1
- (2) Position 2
- (3) Position 3
- (4) Position 4
- (5) Position 5
- (6) Positon 6
- (7) Position 7

To be qualified to served as a Director, a person must be a resident of the City and be at least 18 years old. No citizen shall be appointed to serve as a member of any board if that person has not been a resident of and domiciled in the City for at least one (1) year immediately preceding the appointment. The residency and domicile requirements for City Council set forth in the Charter shall be applicable to board members; No person shall serve as a member of any advisory board who holds and elective public office unless the person is a member ex officio of such board; No person shall be reappointed to this board if that person has served six (6) consecutive years,

unless such person has been off the board for the length of the term of appointment; No member of this board shall, during the time for which the member is appointed or for two (2) years thereafter, be employed by the Corporation; All meetings of the Corporation shall be open to the public excepting only for executive sessions held to discuss personnel appointments or to discuss matters of competitive concern to the Corporation wherein no formal action is taken; No member of the Board who has a contract with the Corporation shall participate in discussions or vote on any other member's contract with the Corporation; No member of the Corporation, who is related to a person who has a contract with the Corporation shall participate in discussions or vote on any other member's contract with the Corporation. As used in the preceding sentence "related to a person" means a person related to a member in the second degree if related by marriage and in the third degree if related by blood.

Section 2. Meetings of Directors. The Directors may hold their meetings and may have an office and keep the books of the Corporation at such place and places within the City as the Board may from time to time determine. The Board shall meet in accordance with the Texas Open Meetings Act. The Corporation, Board, and any committee of the Board exercising the powers of the Board are subject to the Texas Public Information Act.

Section 3. Annual Meetings. The annual meeting of the Board shall be held in July of each year at the location in the City designated by the Board.

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 the Board.

Section 5. Special and Emergency Meetings. Special and emergency meetings of the Board shall be held whenever called by the Chairperson of the Board or the Secretary or by three (3) of the Directors who are serving duly appointed terms of office at the time the meeting is called.

The Recording Secretary shall give notice of each special meeting at least three (3) days before the meeting to each Director. Notice of each emergency meeting shall also be given in the manner required by the Texas Open Meetings Act. Unless otherwise indicated in the notice thereof, any and all matters pertaining to the purposes of the Corporation may be considered and acted upon at a special or emergency meeting. At any meeting any matter pertaining to the purposes of the Corporation may be considered and acted upon to the extent allowed by the Open Meetings Act.

Section 6. Quorum. A majority of the entire membership of the Board shall constitute a quorum for the consideration of matters pertaining to the purposes of the Corporation.

Section 7. Conduct of Business. The act of a majority of the entire membership of the Board shall constitute an action of the Board, unless the act of a greater number is required by law. At the meetings of the Board, matters pertaining to the purposes of

the Corporation 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, to preside. The Corporation may appoint any person to act as Recording Secretary.

Section 8. Compensation of Directors. The Directors shall serve without compensation except that they shall be reimbursed for their actual expenses incurred in the performance of their duties hereunder.

### ARTICLE III

#### OFFICERS

Section 1. Titles and Term of Office. The officers of the Corporation shall be a President, a Vice President and a Secretary. The term of office for each officer shall be one (1) year commencing with the date of the annual meeting of the Board at which each such officer is elected. All officers shall be subject to removal, with or without cause, at any time by a vote of a majority of the whole Board. A vacancy in the office of any officer shall be filled by the Board.

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. He or she shall have such duties as are assigned by the Board. The President may call special or emergency meetings of the Board. The President shall be principal executive officer of the Corporation and, subject to the Board, he or she shall be in general charge of the properties and affairs of the Corporation.

Section 3. Powers and Duties of the Vice President. The Vice President shall be a member of the Board. 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. Secretary. The Secretary shall be a member of the Board. He or she may sign, with the President, in the name of the Corporation and/or attest the signatures thereof, all contracts, conveyances, franchises, bonds, deeds, assignments, mortgages, notes and other instruments of the Corporation, he or she shall have charge of the Corporation's books, records, documents and instruments, except the books 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 Corporation 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 5. Treasurer. The Corporation may appoint any person Treasurer. The Treasurer shall have custody of all the funds and securities of the Corporation which come into his or her hands. When necessary or proper, he or she may endorse, on behalf of the Corporation, for collection, checks, notes and other obligations and shall deposit the same to the credit of the Corporation in such bank or banks or deposit ones as shall be designated in the manner prescribed by the Board, he or she may sign all receipts and vouchers or payments made to the Corporation, either alone or jointly with such officer as its 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 Corporation 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 Corporation, 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 this or her duties in such form as the Board may require.

Section 6. Recording Secretary. The Recording 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 of the Corporation and shall report the same to the Board.

#### ARTICLE IV

#### MISCELLANEOUS PROVISIONS

Section 1. Fiscal Year. The fiscal year of the Corporation shall be determined by the Board.

Section 2. Seal. The seal of the Corporation 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 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 post office address, as it appears on the books of the Corporation, 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.

Section 6. Appropriations and Grants. The Corporation 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 of 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, criminal, administrative, arbitrative 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 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 Corporation or while a Director or officer of the Corporation is or was serving at the request of the Corporation as a director, officer, partner, venture, 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 Corporation 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 Corporation to provide broader indemnification rights than said law permitted the Corporation 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. 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 to 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 or 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 Corporation 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 make 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 Corporation 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.

Section 3. Indemnification of Employees and Agents. The Corporation, by adoption of a resolution of the Board, may indemnify and advance expenses to an employee or agent of the Corporation 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 Corporation may indemnify and advance expenses to persons who are not or were not Directors, officers, employees or agents of the Corporation but who are or were serving at the request of the Corporation as a Director, officer, partner, venture, 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 Corporation 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 Corporation 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 Corporation of these Bylaws, agreement, vote or shareholders or disinterested Directors or otherwise.

Section 6. Insurance. The Corporation 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 Corporation or is or was serving at the request of the Corporation as a Director, officer, partner, venture, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic corporation, partnership, joint

venture, sole proprietorship, trust, employee benefit plan, trust or other enterprise against any expense, liability or loss, whether or not the Corporation 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 cases, 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 Corporation 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

Section 1. Minority Contracts. The Corporation 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 Corporation contracts. The Corporation 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 Corporation shall provide that disadvantaged businesses certified by the City shall be the disadvantaged businesses certified for Corporation contracts.

Section 2. Disadvantaged Businesses. "Disadvantaged business" means a disadvantaged business as defined by the City from time to time.

## ARTICLE VII CODE OF ETHICS

### Section 1. Policy and Purposes

a. It is the policy of the Corporation 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

Corporation, and that the Board establish policies to control and manage the affairs of the Corporation fairly, impartially, and without discrimination.

b. This Code of Ethics has been adopted as part of the Corporation's Bylaws for the following purposes (s) 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 is or her ownership interest is ten percent or more of the voting stock or shares of the business entity or ownership of \$5,000 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 their 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 pecuniary affected by an 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 Corporation 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 Corporation. 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 \$50 exclusive of reimbursement for travel, food, and lodging expenses incurred by the Director or officer in performances 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 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.

**ARTICLES OF INCORPORATION  
OF  
INDUSTRIAL DEVELOPMENT CORPORATION  
OF THE CITY OF GALVESTON**

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 Article 5190.6, Section 4B, Vernon's Texas Civil Statutes (the "Act"), do hereby adopt the following Articles of Incorporation for such corporation:

**ARTICLE I**

The name of the corporation is INDUSTRIAL DEVELOPMENT CORPORATION OF THE CITY OF GALVESTON.

**ARTICLE II**

The Corporation is a public non-profit corporation.

**ARTICLE III**

The period of its duration is perpetual.

**ARTICLE IV**

The Corporation is organized for the purpose of aiding, assisting, and acting on behalf of the City in the undertaking and completing of the project which shall mean land, buildings, equipment, facilities and improvements included in the definition of that term under Section 2 of the Act, including recycling facilities, and land, buildings, equipment, facilities and improvements found by the Board of Directors to

(a) be required or suitable for use for professional and amateur (including children's) sports, athletic, entertainment, tourist, convention, and public park purposes and events, including stadiums, ball parks, auditoriums, amphitheaters, concert halls, learning centers, parks and park facilities, open space improvements, municipal building, museums, exhibition facilities, and related store, restaurant, concession, and automobile parking facilities, related area transportation facilities, and related roads, streets, and water and sewer facilities, and other related improvements that enhance any of those items; or

(b) promote or develop new or expanded business enterprises, including a project to provide public safety facilities, streets and roads, drainage and related improvements, demolition of existing structures, general municipally owned improvements, as well as any improvements or facilities that are related to any of those projects and any other project that the Board in its discretion determines promotes or develops new or expanded business enterprises.

The Corporation is further organized to aid, assist, and act to facilitate the beach renourishment project between 10th Street and 61st Street.

The Corporation is further organized to aid, assist, and act in the performance of street and drainage improvements.

The Corporation is formed pursuant to the provisions of Section 4B of the Act which authorizes the Corporation to assist and act on behalf of the City and to engage in activities in the furtherance of the purposes of its creation.

The Corporation shall have all powers provided to a Section 4B Corporation by the Act.

The Corporation may issue bonds on behalf of the City. *(With Council Approval)*

The Corporation 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, Article 1396, Vernon's Texas Civil Statutes.

The Corporation 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 Corporation 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.

The Corporation 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, Civil Practice and Remedies Code. The operations of the Corporation are governmental and not proprietary functions for purposes of the Texas Tort Claims Act, Section 101.001 et seq., Civil Practice and Remedies Code.

#### ARTICLE V

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

#### ARTICLE VI

All powers of the Corporation shall be vested in a Board consisting of seven (7) persons. Directors of the Corporation ("Director" or "Directors") shall be appointed by position to the Board. Each initial Director named in Article VIII hereof shall serve for the term expiring on the date set forth in Article VIII. Subsequent Directors shall be appointed by the City Council of the City. Each subsequent Director shall serve for a term of two (2) 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. 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 Articles of Incorporation as authorized by amendment of the Act.

Board members for each of the following positions shall have experience in the area indicated or hold the position specified below:

- (1) Position 1 - Mayor, City of Galveston
- (2) Position 2 - Councilmember, City of Galveston
- (3) Position 3 - Councilmember, City of Galveston
- (4) Position 4 - Councilmember, City of Galveston
- (5) Position 5 - Chairperson, Park Board of Trustees, or designee

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- (6) Position 6 - Chairperson, Galveston Chamber of Commerce, or designee
  - (7) Positions 7 - Chairperson, Galveston Economic Development Corp., or designee

To be qualified to serve as a Director, a person must be a resident of the City and be at least 18 years old.

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

ARTICLE VII

The street address of the initial registered office of the Corporation is 823 Rosenberg, Galveston, Texas, 77553, and the name of its initial registered agent at such address is Douglas W. Matthews.

ARTICLE VIII

The number of Directors constituting the Board is seven (7). The names, addresses, positions, and terms of office of the initial Directors, each of whom resides within the City, are:

<u>POS.</u>	<u>NAME</u>	<u>ADDRESS</u>	<u>TERM</u>
1	Barbara K. Crews	823 Rosenberg	August 1, 1994
2	Danny Allen	823 Rosenberg	August 1, 1995
3	Linda Singleton	823 Rosenberg	August 1, 1994
4	Louis Pauls, Jr.	823 Rosenberg	August 1, 1995
5	Lyda Ann Thomas	2100 Seawall Boulevard	August 1, 1994
6	Carolyn Clyburn	2100 Seawall Boulevard	August 1, 1995
7	Irwin M. Herz, Jr.	One Moody Plaza	August 1, 1994
All in the City of Galveston, Texas			

ARTICLE IX

The names and street addresses of the incorporators, each of whom resides within the City, are:

<u>NAME</u>	<u>ADDRESS</u>
Gary W. Smith	2620 Christopher Galveston, Texas 77553
Louis Pauls, Jr.	2315 Strand Galveston, Texas 77551
Douglas W. Matthews	823 Rosenberg Galveston, Texas 77551

## ARTICLE X

No Director shall be liable to the Corporation 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 Corporation, (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 Corporation: (a) shall not permit any part of the net earnings of the Corporation to inure to the benefit of any private individual (except that reasonable compensation may be paid for personal services rendered to or for the Corporation in effecting one or more of its purposes); (b) shall not direct any 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 Corporation 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 Corporation, exclusive of amounts needed to cover reasonable expenditures and reasonable reserves for future activities. Unless otherwise directed by the City, any income of the Corporation received by the City shall be deposited into the Civic Center Enterprise Fund, or its successor. No part of the Corporation'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 Corporation was formed have been substantially met and all bonds issued by and all obligations incurred by the Corporation have been fully paid, the Board shall execute a certificate of dissolution which states those facts and declares the Corporation dissolved in accordance with the requirements of the Act, or with applicable law then in existence. In the event of dissolution or liquidation of the Corporation, all assets will be turned over to the City.

## ARTICLE XII

If the Corporation is a private foundation within the meaning of Section 509(a) of the Code, the Corporation: (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.

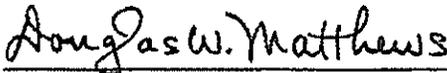
ARTICLE XIII

On November 8, 1993, the City Council of the City duly adopted a resolution approving the form of these Articles of Incorporation and approving the creation of the Corporation.

IN WITNESS WHEREOF, we have hereunto set our hands this 5th day of November, 1993.

  
\_\_\_\_\_  
Gary W. Smith

  
\_\_\_\_\_  
Louis Pauls, Jr.

  
\_\_\_\_\_  
Douglas W. Matthews

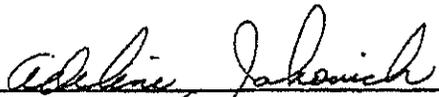
THE STATE OF TEXAS       §

COUNTY OF GALVESTON   §

BEFORE ME, the undersigned authority, on this day personally appeared Gary W. Smith, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 5th day of November, 1993.

My Commission Expires:  
*August 14, 1997*

  
\_\_\_\_\_  
Notary Public in and for  
The State of Texas

THE STATE OF TEXAS §

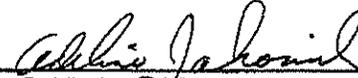
COUNTY OF GALVESTON §

BEFORE ME, the undersigned authority, on this day personally appeared Louis Pauls, Jr., known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that she executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 5th day of November, 1993.

My Commission Expires:

*August 14, 1997*

  
\_\_\_\_\_  
Notary Public in and for  
The State of Texas

THE STATE OF TEXAS §

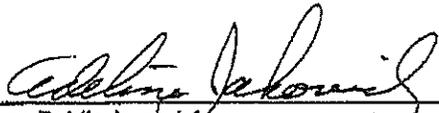
COUNTY OF GALVESTON §

BEFORE ME, the undersigned authority, on this day personally appeared Douglas W. Matthews, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that she executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 5th day of November, 1993.

My Commission Expires:

*August 14, 1997*

  
\_\_\_\_\_  
Notary Public in and for  
The State of Texas