

ARTICLES OF INCORPORATION

ADOPTED 2/13/1996

ARTICLES OF INCORPORATION

OF

CITY OF PORT ARTHUR SECTION 4A
ECONOMIC DEVELOPMENT CORPORATION

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 Port Arthur, 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 4A, Vernon's Texas Civil Statutes, as amended (the "Act"), do hereby adopt the following Articles of Incorporation for such corporation.

ARTICLE I

The name of the corporation is CITY OF PORT ARTHUR SECTION 4A ECONOMIC DEVELOPMENT CORPORATION.

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, completing and financing of projects authorized under Section 4A, as described in the Act.

The Corporation is formed pursuant to, and will be governed by, the provisions of Section 4A 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 4A Corporation by the Act.

The Corporation may issue bonds on behalf of the City of Port Arthur, subject to approval by the City Council to defray all or part of the cost of any authorized project.

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, as amended.

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 five (5) 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 also be appointed by position by the City Council of the City. Each subsequent Director shall serve for a term of three (3) years or until his or her successor is appointed by the City Council of 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 of the City. The number of Directors may only be increased or decreased by an amendment to these Articles of Incorporation as authorized by amendment to the Act.

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

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 444 Fourth Street, Port Arthur, Texas, 77641-1089, and the name of its initial registered agent at such address is Steve Fitzgibbons, City Manager.

ARTICLE VIII

The number of Directors constituting the Board of Directors shall be five (5). The names and positions of the initial Board of Directors, each of whom shall serve a term established in this Article of the Articles of Incorporation as follows:

<u>Position</u>	<u>Name</u>	<u>Address</u>	<u>Term</u>
1	<u>John Beard, Jr.</u>	<u>1147 Wellford</u>	<u>5/31/99</u>
2	<u>Dr. John Echols</u>	<u>3201 Procter</u>	<u>5/31/97</u>
3	<u>Carl Parker</u>	<u>3838 Chandelle</u>	<u>5/31/99</u>
4	<u>Bob Brammer</u>	<u>1001 Northwind</u>	<u>5/31/97</u>
5	<u>Stuart Salter</u>	<u>8412 Hollow Bend</u>	<u>5/31/98</u>

All in the City of Port Arthur, 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>
<u>Robert T. Morgan</u>	<u>444 - 4th Street</u>
<u>Leslie E. McMahan, P. E.</u>	<u>444 - 4th Street</u>
<u>Tom Gillam</u>	<u>444 - 4th Street</u>

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 that the provisions of this Article X shall not eliminate or limit the liability of a director for:

- (i) a breach of the Director's duty of loyalty to the Corporation;
- (ii) an act or omission not in good faith that constitutes a breach of duty of the Director to the Corporation or that involves intentional misconduct or a knowing violation of the law;
- (iii) a 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;

- (iv) an act or omission for which the liability of a Director is expressly provided by applicable statute; or
- (v) an act related to an unlawful distribution of the assets of the Corporation.

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 Directors 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 Texas statutes hereafter enacted that further limits the liability of a Director, without the necessity of further action by the Corporation or the Board to modify the provisions of this Article X.

ARTICLE XI

In accordance with the provision of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (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 as may be authorized by the By-laws; (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 ; 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. 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 Feb. 13, 1996, the City Council of the City of Port Arthur duly adopted Ordinance No. 96-08 ordinance approving the form of these Articles of Incorporation and approving the creation of the Corporation.

IN WITNESS WHEREOF, we have hereunto set out hands this 13th day of February, 1996.

Robert T. Morgan, Jr.

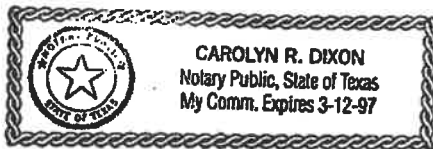
Julie C. Munn

Tom Hillman III

THE STATE OF TEXAS *
COUNTY OF JEFFERSON *

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

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 13th day of February, 1996.

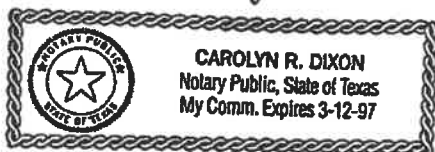


Carolyn R. Dixon
Notary Public in and for
the State of Texas

THE STATE OF TEXAS *
COUNTY OF JEFFERSON *

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

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 13th day of February, 1996.

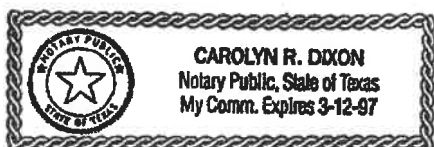


Carolyn R. Dixon
Notary Public in and for
the State of Texas

THE STATE OF TEXAS *
COUNTY OF JEFFERSON *

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

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 13th day of February, 1996.



Carolyn R. Dixon
Notary Public in and for
the State of Texas