

ORDINANCE NO. 96-08

AN ORDINANCE AUTHORIZING THE CREATION OF AN ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF PORT ARTHUR, TEXAS; APROVING THE ARTICLES AND BYLAWS OF SAID CORPORATION; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT.

READ, APPROVED, ADOPTED
BY CITY COUNCIL 2/13/1996

FOR * REQUESTED BY: Leslie E. McMahan, P.E., Acting
City Manager
ADMINISTRATIVE * PREPARED BY: Assistant To The City Manager
PURPOSE EXPRESSED BY REQUESTOR: To Establish
City of Port Arthur Section 4A Economic
Development Corporation
USE ONLY * LOCATION: N/A

EFFECTIVE DATE

2-19-96

P. O. No. 4637
1/23/96 - cm

ORDINANCE NO. 96-08

AN ORDINANCE AUTHORIZING THE CREATION OF AN ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF PORT ARTHUR, TEXAS; APPROVING THE ARTICLES AND BYLAWS OF SAID CORPORATION; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT.

WHEREAS, the Development Corporation Act of 1979, Article 5190.6, Section 4A, Texas Revised Civil Statutes, as amended (the "Act") authorizes the City of Port Arthur, Texas, (the "City") to create and administer an economic development corporation to act on behalf of the City in the promotion and development of new and expanded business enterprises, including certain projects, as defined in the Act; and

WHEREAS, the Corporation has been or will be created and organized as a Texas non-profit corporation pursuant to the provisions of Section 4A of the Act for such limited purposes; and

WHEREAS, the City has not created another corporation to be governed by Section 4A of the Act; and

WHEREAS, the City Council has reviewed and approved the Articles of Incorporation and Bylaws and has determined to authorize and approve the creation of the Corporation, as a not-for-profit entity, as its constituted authority and instrumentality to accomplish the specific public purposes as authorized by Section

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF PORT ARTHUR:

Section 1. The creation of the Corporation is hereby authorized and approved as an economic development corporation under Section 4A of the Act.

Section 2. The Corporation is hereby designated as a duly constituted authority and instrumentality of the City (within the meaning of those terms and the regulations of the United States Department of Treasury and ruling of the Internal Revenue Services prescribed and promulgated pursuant to Section 103 of the Internal Revenue Code of 1954, as amended (the "Code")) and shall be authorized to act on behalf of the City for the specific public purposes specified in Section 4A of the Act.

Section 3. The Article of Incorporation of the Corporation and the Bylaws of the Corporation, are in the forms and substance attached to this Ordinance as Exhibits "A" and "B"; are hereby approved for use and adoption by the Corporation and that the Incorporators named in the Articles of Incorporation are hereby authorized to execute the Articles of Incorporation and that said Articles of Incorporation upon execution by the Incorporators are hereby authorized to be filed with the Secretary of State of the State of Texas; provided, however, that any amendments to the Articles of Incorporation or Bylaws shall be subject to further approval by the City Council of the City.

Section 4. This Ordinance is adopted for the purpose of satisfying the conditions and requirements of the Act and of Section 103 of the Code and the regulations prescribed thereunder from time to time and for the benefit of the Corporation, the City, the owners or holders from time to time of the obligations of the Corporation and all other interested persons.

Section 5. Severability Clause. If any word, phrase, clause, sentence, paragraph, section or other part of this Ordinance. or

not be affected thereby.

Section 6. Repealer, All orders, resolutions and ordinances, or parts thereof, inconsistent herewith are hereby repealed to the extent of such inconsistency.

Section 7. Any person, firm or corporation who violates any provision of this Ordinance shall be guilty of a misdemeanor and shall be punished by a fine not exceeding Two Thousand (\$2,000.00) Dollars as provided in Section 1-8 of the Code of Ordinances, and each day which violation is permitted to exist shall constitute a separate offense.

Section 8. This Ordinance or its caption and penalty shall be published at least one (1) time within ten (10) days after final passage hereof in the official newspaper of the City of Port Arthur. This Ordinance shall take effect immediately after the date of such publication.

READ, ADOPTED, and APPROVED this the 13th day of Feb., A.D., 1996, at a Regular Meeting of the City Council of the City of Port Arthur, Texas, by the following vote: AYES:

Mayor Morgan; Councilmembers Gilliam
Lewis, Worsham, Ortiz, Linder
Bowers, Judice & Allen;
NOES: None.

Robert T. Morgan
MAYOR

ATTEST:

Carolyn Nixon
City Secretary

APPROVED AS TO FORM:

APPROVED FOR ADMINISTRATION:

[Signature] Julie E. McMahon

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.

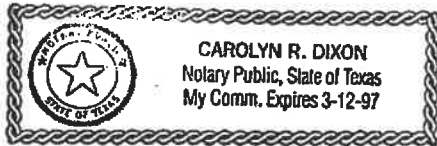
Julie C. Munnah

Tom Hillman III

THE STATE OF TEXAS *
COUNTY OF JEFFERSON *

BEFORE ME, the undersigned authority on this day personally appeared Robert J. 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.

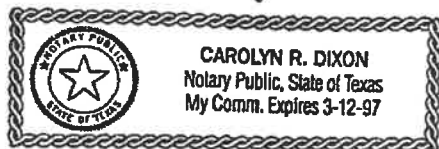


Carolyn R. Dixon
Notary Public in and for
the State of Texas

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.

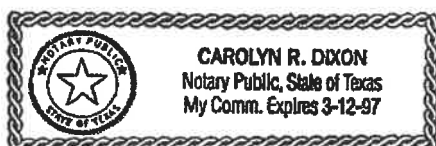


Carolyn R. Dixon
Notary Public in and for
the State of Texas

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

BYLAWS

OF

**CITY OF PORT ARTHUR SECTION 4A
ECONOMIC DEVELOPMENT CORPORATION**

A Texas Non-Profit Corporation

Date of Adoption: 2-13-96

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A Texas Non-Profit Corporation

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BYLAWS OF
CITY OF PORT ARTHUR SECTION 4A
ECONOMIC DEVELOPMENT CORPORATION

MISSION STATEMENT

The City of Port Arthur Section 4A Economic Development Corporation shall be charged to act on behalf of the City to promote and develop new, existing and expanded business enterprises in the City of Port Arthur. The Board shall develop an overall economic development, job training and infrastructure plan that will bolster the business climate throughout the City. The Board shall develop a strategy for the promotion and development of commercial, industrial and manufacturing enterprises within the City of Port Arthur in keeping with general duties of the Board as reflected in the Bylaws herein.

ARTICLE I

OFFICES

Registered Office and Registered Agent

1.01. The Corporation shall have and continuously maintain in the State of Texas a registered office, and a registered agent whose office is identical with such registered office, as required by the Texas Non-Profit Corporation Act. The Board of Directors may, from time to time, change the registered agent and/or the address of the registered office, provided that such change is appropriately reflected in these Bylaws and in the Articles of Incorporation.

1.02. The registered office of the Corporation is located at 444 4th Street, Port Arthur, Texas 77640, and the address of its registered agent is P. O. Box 1089, Port Arthur, Texas 77640.

ARTICLE II

Principal Office

2.01. The principal office of the Corporation in the State of Texas shall be located in the City of Port Arthur, County of Jefferson, and it may be, but need not be, identical with the registered office of the Corporation.

ARTICLE III

Fiscal Year

3.01. The fiscal year of the Corporation shall be the same as the fiscal year of the City of Port Arthur, beginning on October 1st of each yer and ending on September 30th of the following year.

ARTICLE IV

Purposes and Powers

4.01. City of Port Arthur Section 4A Economic Development Corporation (the "Corporation") is organized for the purpose of aiding, assisting and acting on behalf of the City of Port Arthur, Texas (the "City") to promote, assist and enhance economic development, and to develop projects authorized by Article 5190.6, Section 4A Texas revised Civil Statutes, as amended (the "Act").

4.02. The Corporation is further organized to establish, acquire, lease as 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 projects authorized by the Act.

4.03. The Corporation is formed pursuant to the provisions 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 for its creation and to issue bonds on behalf of the City.

4.04. 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 1396-1.01, et seq., Vernon's Texas Civil Statutes, as amended.

4.05. 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 corporations created under the Act and which are necessary or useful to enable the Corporation to perform the purposes for which it is created, including, but not limited to, the power to issue bonds, notes or other obligations, and otherwise exercise its borrowing power to accomplish the purposes for which it was created when approved by the City Council of the City of Port Arthur.

4.06. 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, as amended. 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

Members

5.01. The Corporation shall have no members.

ARTICLE VI

Approvals By The City

6.01. To the extent that these Bylaws refer to any approval by the City or refer to advice and consent by the City Council, such advice and consent shall be evidenced by a certified copy of a resolution, order or motion duly adopted by the City Council.

ARTICLE VII

Board of Directors

7.01. The Board of Directors shall consist of five (5) members. The business and affairs of the Corporation and all corporate powers shall be exercised by or under authority of the Board of Directors (the "Board"), appointed by the City Council of the City of Port Arthur, and subject to applicable limitations imposed by the Texas Non-Profit Corporation Act, the Texas Business Corporation Act, the Articles of Incorporation, or these Bylaws. The Board may, by contract, resolution, or otherwise, give general or limited or special power and authority to the officers and employees of the Corporation to transact the general business or any special business of the Corporation, and may give powers of attorney to agents of the Corporation to transact any special business requiring such authorization. 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.

Qualifications of Director

7.02. To be qualified to serve as a Director of the Corporation the person:

- a. Shall reside within the Council member Districts established under Article VII, Section 7.03 of these Bylaws;
- b. Shall be a qualified voter in the city;
- c. Shall be at least 18 years of age; and,
- d. Shall not be a member serving on any board or committee of the City of Port Arthur.

Selection Process

7.03. Directors of the Corporation ("Director" or "Directors") shall be appointed by position to the Board of Directors as follows:

City Council members representing Districts 1, 4 and 5 shall collectively select two (2) members to the Board of Directors who shall hold Positions 1 and 2. Said Board members shall reside in Council District 1, 4 or 5.

City Council members representing Districts 2, 3 and 6 shall collectively select two (2) members to the Board of Directors who shall hold Positions 3 and 4. Said Board members shall reside in Council District 2, 3 or 6.

The Mayor and City Council members representing Districts 7 and 8 shall collectively select one (1) member to the Board of Directors who shall hold Position 5. Said Board member shall reside in any Council district of the City.

Such nominations shall also be subject to confirmation by a majority vote of the City Council of the City. Upon the occurrence of a vacancy on the Board, whether by resignation, removal, death, or expiration of term, such vacancy shall be filled by the group of City Council members that originally appointed the vacating Director. The new Director appointee shall be drawn from the corresponding position(s) of Advisory Directors established by Article XI of these Bylaws.

Term of Office

7.04. Each initial Director shall serve an initial term expiring on the date set forth in the Articles of Incorporation and by these Bylaws as follows:

(i) Position 1 shall have an initial term of office consisting of 39 months beginning on March 1, 1996 and ending on May 31, 1999.

(ii) Position 2 shall have an initial term of office consisting of 15 months, beginning on March 1, 1996 and ending on May 31, 1997.

(iii) Position 3 shall have an initial term of office consisting of 39 months, beginning on March 1, 1996 and ending on May 31, 1999.

(iv) Position 4 shall have an initial term of office consisting of 15 months, beginning on March 1, 1996 and ending on May 31, 1997.

(v) Position 5 shall have an initial term of office consisting of 27 months, beginning on March 1, 1996 and ending on May 31, 1998.

Subsequent Directors shall be selected as provided for in Section 7.03. Each subsequent term for Director shall be for a term of three (3) years or until his or her successor is appointed by the City Council, 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. After the expiration of each Director's initial term set out above, no Director shall serve more than three (3) consecutive three (3) year terms as a Director. Any Director may be removed from office at any time, with or without cause, by the City Council.

7.05. No member of the Board of Directors shall hold office or employment under the Corporation or City government while a member of said Board, nor shall any member of the Board hold any paid employment under the Corporation or City government within two (2) years thereafter.

ARTICLE VIII

General Duties of the Board of Directors

8.01. The Board is hereby required to perform the following duties:

1. The Board shall develop an overall economic development plan for the City of Port Arthur which shall include and set forth intermittent and/or short term goals which the Board deems necessary to accomplish compliance with its overall economic development plan. Such plan shall be approved by the City Council of the City of Port Arthur. The overall development plan developed by the Board shall be one that includes the following elements:
 - a. An economic development strategy to permanently bolster the business climate throughout the City.
 - b. Strategies to fully utilize the assets of the city which enhance economic development.
 - c. Identification of strategies to coordinate public, private, military and academic resources to develop and enhance business opportunities for all citizens of Port Arthur.
 - d. Accountability to the citizens of Port Arthur and to the City Council of all tax monies expended for its implementation of the overall economic development plan.
 - e. Identification of strategies and provide for implementation of identified strategies for direct economic development as defined in this Section.

- f. An annual work plan outlining the activities, tasks, projects and programs to be undertaken by the Board during the upcoming fiscal year. The annual work plan shall be submitted with the annual budget as outlined in Article XII, Section 12.03 of these Bylaws.
- g. To assist the Board in the implementation of the overall economic development plan, the Board may seek out and employ a Director of Economic Development, subject to the approval of the City Council, for the purpose of assisting the Board in carrying out the duties of the Board as set forth in this section. The Board shall, in the annual budget, make provisions for the compensation to be paid to the Director of Economic Development and such compensation so established by the Board shall comprise the salary and benefits paid to the Director of Economic Development for his or her services.
- h. The Director of Economic Development may employ such personnel as may be necessary to discharge the Corporation's assigned duties. The compensation for all such employees shall be set by the Board in its annual budget and such compensation so established by the Board shall comprise the salary and benefits for such employees, and provided further, no such employee shall be hired until such time as the Board has established such compensation for the position in question.
- i. The Director of Economic Development shall be hired by the Board with the approval of the City Council and may be removed by a vote of three (3) members of the Board.

8.02. The Board shall review and update its overall economic development plan twice each year to ensure that said plan is up-to-date with the current economic climate and is capable of meeting Port Arthur's current economic development needs.

8.03. The Board shall expend, in accordance with State law, the tax funds received by it on direct economic development where such expenditures will have a direct benefit to the citizens of Port Arthur.

8.04. As used in this Article, direct economic development shall mean the expenditure of such tax funds for programs that directly accomplish or aid in the accomplishment of creating identifiable new jobs or retaining identifiable existing jobs including job training and/or planning and research activities necessary to promote said job creation. The Corporation's focus will be primarily in the areas of:

- a. Business retention and expansion
- b. Formation of new businesses
- c. Business attraction

8.05. The City of Port Arthur Section 4A Economic Development Corporation shall make reports to the City Council of the City of Port Arthur. The City of Port Arthur Economic Development Corporation shall discharge this requirement by reporting to the City Council in the following manner:

- a. The City of Port Arthur 4A Economic Development Corporation shall make a detailed report to the City Council once each year. Such report shall include, but not be limited to, the following:
 - 1. A review of all expenditures made by the Board in connection with their activities involving direct economic development as defined in this Article, together with a report of all other expenditures made by the Board.
 - 2. A review of the accomplishments of the Board in the area of direct economic development.
 - 3. The policies and strategy followed by the Board in relation to direct economic development together with any new or proposed changes in said policies and strategy.
 - 4. The activities of the Board for the fiscal year addressed in said annual report, together with any proposed change in said activity as said activity or activities relate to direct economic development.
 - 5. A review of the activities of the Board in areas of endeavor other than direct economic development together with any proposed changes in such activities.
 - 6. The annual required report shall be made to the City Council no later than December 31st of each year.
 - 7. The annual report shall be considered by the City Council for its review and acceptance.
- b. The Board shall be regularly accountable to the City Council for all activities undertaken by them or on their behalf, and shall report on all activities of the Board, whether discharged directly by the Board or by any person, firm, corporation, agency, association or other

entity on behalf of the Board. This report shall be made by the Board to the City Council semi-annually with the first report being made September 30, 1996, and a similar report being made each succeeding six (6) months, but in no event shall a period of time more than six (6) calendar months be allowed to elapse between such reports. The semi-annual report shall include the following:

1. Accomplishments to date as compared with the overall plan or strategy for direct economic development.
 2. Anticipated short term challenges during the next semi-annually reporting period together with recommendations to meet such short term challenges.
 3. Long term issues to be dealt with over the succeeding twelve-month period or longer period of time, together with recommendations to meet such issues with emphases to be placed on direct economic development.
 4. A recap of all budgeted expenditures to date, together with a recap of budgeted funds left unexpended and any commitment made on said unexpended funds. The recap of expenditures shall set forth separately those expenditures made in connection with direct economic development and those expenditures made by the Board in the discharge of its other duties.
- c. The Board of Directors shall be required to prepare and forward to the City Council of the City of Port Arthur a monthly activity report of all meetings of the Board of Directors and of the committees created by the Board.

Implied Duties

8.06. The City of Port Arthur Section 4A Economic Development Corporation is authorized to do that which the Board deems desirable to accomplish any of the purposes or duties set out or alluded to in this Article and in accordance with State law.

Regular Meetings

8.07. The Regular Meetings of the Board shall be held at least once each month at such times and places as shall be designated from time to time by resolution of the Board. All meetings of the Board shall provide notice thereof as provided and set forth in Vernon's Annotated Civil Statutes Article 6252-17, et seq. Any member of the Board may request that an item be placed on

the agenda by delivering the same in writing to the Secretary of the Corporation no later than five (5) days prior to the date of the Board meeting.

8.08. Notice of any meeting shall be given to the public in accordance with the requirements of the Texas Open Meetings Act. The notice shall contain information regarding the particular time, date, and location of the meeting and the agenda to be considered. All meetings shall be conducted in accordance with the Texas Open Meetings Act.

Annual Meetings

8.09. The annual meeting of the Board shall be held at the location in the City designated by the resolution of the Board on the second Tuesday in January of each year, at 7:00 p.m., unless an alternative day is approved by the Board, if not a legal holiday, and, if a legal holiday, then on the next succeeding business day, for the purposes of transacting such business as may be brought before the meeting. Notice of Annual Meeting shall be given to the public in accordance with the requirements of the Open Meeting Act. The notice shall contain information regarding the particular time, date, and location of meeting and the agenda to be considered.

Special and Emergency Meetings

8.10. Special and emergency meetings of the Board shall be held whenever called by the President of the Corporation 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, FAX, mail or telegraph to each Director. Notice of each emergency meeting shall also be given in the manner required of the City under Section 551.045, et seq., Texas Government Code, of the 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 at which every Director shall be present, even though without any notice, any matter pertaining to the purposes of the Corporation may be considered and acted upon to the extent allowed by the Open Meetings Act.

Quorum

8.11. For the purpose of convening a meeting, four (4) members of the appointed Directors then serving on the Board shall constitute a quorum.

8.12. Four (4) members of the appointed Directors then serving on the Board shall constitute a quorum for the consideration of matters pertaining to the purposes of the

Corporation except for amending the Bylaws of the Corporation which is governed by Article XVI, Section 16.09 of these Bylaws. If at any meeting of the Board there is less than a quorum present, the presiding officer shall adjourn the meeting. The act of a majority of the Directors present and voting at a meeting at which a quorum defined herein 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.

8.13. 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.

8.14. 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.

Attendance

8.15. Regular attendance of the Board meetings is required of all Directors. The following number of absences may constitute the need for replacement of a Director: Three (3) consecutive unexcused absences, or attendance reflecting absences constituting 50% of the meetings over a 12-month period. In the event replacement is indicated, the Director will be counseled by the President and, subsequently, the President shall submit in writing to the City Secretary the need to replace the Board member in question.

8.16. The Secretary of the Corporation 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.

Compensation of Directors

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

Voting; Action of the Board of Directors

8.18. Directors must be present in order to vote at any meeting. Unless otherwise provided in these Bylaws or in the Articles of Incorporation or as required by law, the act of a simple majority of the Directors present at any meeting for which a quorum as defined in Section 8.12 is present shall be the act of the Board of Directors. In the event that a Director is aware of a conflict of interest or potential conflict of interest, with regard to any particular vote, the Director shall bring the same to

the attention of the meeting and shall abstain from the vote, unless the Board determines that no conflict of interest exists. Any Director may bring to the attention of the meeting any apparent conflict of interest or potential conflict of interest of any other Director, in which case the Board shall determine whether a true conflict of interest exists before any vote shall be taken regarding that particular matter. The Director as to whom a question of interest has been raised shall refrain from voting with regard to the determination as to whether a true conflict exists. If such act causes the required quorum as defined in Section 8.12 to no longer exist, the meeting shall be adjourned.

Board's Relationship with City Council

8.19. The City Council shall provide oversight to all Board activities in accordance with State law. The City Council shall require that the City of Port Arthur Section 4A Economic Development Corporation be responsible to it for the proper discharge of its duties assigned in this Article. All policies for program administration shall be submitted for City Council approval, and the Board shall administer said programs accordingly. All projects proposed by the Board shall be submitted to the City Council for review and approval. The Board shall determine its policies and direction within the limitations of the duties herein imposed by applicable laws, the Articles of Incorporation, these Bylaws, contracts entered into with the City, and budget and fiduciary responsibilities.

Board's Relationship with Other Agencies

8.20. The Board of Directors in the performance of their duties in achieving the goals and objectives for which the Corporation was created, shall cooperate with and coordinate the Corporation's activities with all public and private agencies which purposes compliment the goals and objectives of the Corporation.

ARTICLE IX

OFFICERS OF THE CORPORATION

General

9.01. The initial President and Vice President shall be elected by the Board and shall serve a term of one (1) year. On the expiration of the term of office of the original President and Vice President, the Board shall select from among its members individuals to hold such office. The term of office of the President and Vice President shall always be for a period of one year; provided, however, that the President and Vice President continue to serve until the election of their successors.

9.02. The Secretary and Treasurer shall be selected by the members of the Board and shall hold office for a period of one (1) year; provided, however, that they shall continue to serve until the election of their successors.

9.03. Elections shall be held at the annual meeting of the Board. Such officers shall have the authority and perform the duties of the office as the Board may from time to time prescribe. All officers shall be subject to removal, with or without cause, at any time by a simple majority vote of the whole Board.

Vacancies

9.04. Vacancies in any officer position of the Corporation which occur by reason of death, resignation, disqualification, removal, or otherwise, may be filled by a simple majority vote of the whole Board of Directors for the unexpired portion of the term of that office, in the same manner as other officers are elected to the Board.

Resignations

9.05. 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 is 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.

President

9.06. The President shall be a member of the Board and the presiding officer of the Board with the following authority:

1. Shall preside over all meetings of the Board.
2. Shall have the right to vote on all matters coming before the Board.
3. Shall have the authority, upon notice to the members of the Board, to call a special meeting of the Board when in his or her judgment such meeting is required.
4. Shall have the authority to appoint standing committees to aid and assist the Board in its business undertakings or other matters incidental to the operation and functions of the Board.

5. Shall have the authority to appoint ad hoc committees which may address issues of a temporary nature of concern or which have a temporary affect on the business of the Board.

9.07. In addition to the above mentioned duties, the President shall sign with the Secretary of the Corporation any deed, mortgage, bonds, contracts, or other instruments which the Board of Directors has approved and unless the execution of said document has been expressly delegated to some other officer or agent of the Corporation by appropriate Board resolution, by a specific provision of these Bylaws, or by statute. In general, the President shall perform all duties incident to the office, and such other duties as shall be prescribed from time to time by the Board of Directors.

Vice President

9.08. 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. When so acting, the Vice President shall have all power of and be subject to all the same restrictions as upon the President. 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. The Vice President shall also perform other duties as from time to time may be assigned to him or her by the President.

Secretary

9.09. The Secretary of the Corporation shall record and shall keep, or cause to be kept, at the registered office of the Corporation, a record of the minutes of all meetings of the Board of Directors and of any and all committees created by the Board. After such recording, the Secretary shall transcribe such minutes in summary form. The Secretary shall then forward the tapes containing the recorded meetings, along with a copy of the transcribed minutes, to the City Secretary of the City of Port Arthur for filing, the same to be given in accordance with the provisions of these Bylaws, or as required by the Texas Open Meetings Act or the Texas Open Records Act or other applicable law. The Secretary shall be custodian of the corporate records and seal of the Corporation, and shall keep a register of the mailing address and street address, if different, of each Director.

Treasurer

9.10. 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 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 Corporation, 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 Corporation to be kept by him or her for that purpose full and accurate accounts of all monies 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.

ARTICLE X

COMMITTEES

Qualifications for Committee Membership

10.01. Members of committees shall be appointed by the Board of Directors. Committee members need not be members of the City of Port Arthur Section 4A Economic Development Corporation unless required by these Bylaws or by Board resolution.

Standing Committees

10.02. The Board of Directors shall have authority to appoint the following standing committees of the Board, and such other committees as the Board may deem appropriate in the future:

A. Budget, Finance and Audit Committee: This committee which shall consist of one (1) Board member who shall chair the committee and one (1) or more Advisory Directors shall have the responsibility of working with the Director, or the contractual entity performing as a Director as the case may be, in the formation and promotion of the annual budget of the Board. The Committee shall present such budget to the Board and, upon approval, shall present, in accordance with these Bylaws, said budget to the City Council. In addition to the preparation of the budget for the Board, the Committee shall monitor all budget expenditures of the Board and keep the Board advised in such matters. The committee shall further have the responsibility to oversee and work with auditors of the City or outside auditors when audits of the Board are being performed.

B. Committee for Business Retention and Expansion: This committee which shall consist of one (1) Board member who shall chair the committee and one (1) or more Advisory Directors who shall work with the President of the Corporation

and shall keep the Board informed of all development and activities concerning business retention and expansion.

C. Committee for New Business Formation: This committee shall consist of one (1) Board member who shall chair the committee and one (1) or more Advisory Directors who shall work with the President of the Corporation and shall keep the Board informed of all development and activities concerning new business formation.

D. Committee For New Business Attraction and Recruitment: This committee shall consist of one (1) Board Member who shall chair the committee and one (1) or more Advisory Directors who shall work with the President of the Corporation and shall keep the Board informed of all developments and activities concerning business attraction and recruitment.

Special Committees

10.03. The Board of Directors may determine from time to time that other committees are necessary or appropriate to assist the Board of Directors. The Board shall designate one (1) Board member to each of such committees who shall chair the committee and one (1) or more Advisory Board members.

10.04. No such committee shall have independent authority to act for or in the stead of the Board of Directors with regard to the following manners: amending, altering, or repealing the Bylaws; electing, appointing, or removing any member of any such committee or any Director or Officer of the Corporation; amending the Articles of Incorporation; adopting a plan of merger or adopting a plan of consolidation with another corporation; authorizing the sale, lease, exchange, or mortgage of all or substantially all of the property and assets of the Corporation; authorizing the voluntary dissolution of the Corporation or revoking the proceedings therefor; adopting a plan for the distribution of the assets of the Corporation; or amending altering, or repealing any resolution of the Board of Directors which by its terms provides that it shall not be amended, altered, or repealed by such committee.

10.05. The designation and appointment of any such committee and delegation to that committee of authority shall not operate to relieve the Board of Directors, or any individual Director, of any responsibility imposed on it or on him or her by law.

Term of Office of Committee Members

10.06. Each member of a committee shall continue as such until the next appointment of the Board of Directors and until his or her successor on the committee is appointed, unless the committee shall be sooner terminated or unless such member has

ceased to serve on the Board of Directors, or unless such member be removed from such committee.

10.07. Any committee member may be removed from committee membership by the President, with Board approval, whenever in his or her judgment the best interests of the Corporation would be served by such removal.

Vacancies on Committees

10.08. Vacancies in the membership of any committee may be filled in the same manner as provided with regard to the original appointments to that committee.

Ex-Officio Members

10.09. The City Manager or his designee and the Mayor or his designee may attend all meetings of the Board of Directors or committees, including executive, private or public meetings. These representatives shall not have the power to vote in the meetings they attend. Their attendance shall be for the purpose of ensuring that information about the meetings are accurately communicated to the City Council and to satisfy the City Council's obligation to control the powers of the Corporation.

ARTICLE XI

Advisory Directors

11.01. The City Council of the City shall establish a Board of Advisory Directors composed of four (4) members who are, in the judgment of the City Council, qualified to advise the Board of Directors of the Corporation with respect to the activities of the Corporation. The number of members of the Board of Advisory Directors shall be fixed from time to time by the City Council of the City. The Officers and Directors of the Corporation may consult with the Board of Advisory Directors from time to time with respect to the activities of the Corporation 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 serve without compensation for their services as Advisory Directors.

Qualifications of Advisory Director

11.02. To be qualified to serve as a Advisory Director of the Corporation the person:

- a. Shall reside within the Council member Districts established under Article XI, Section 11.03 of these Bylaws;

- b. Shall be a qualified voter in the city;
- c. Shall be at least 18 years of age; and,
- d. Shall not be a member serving on any other board or any other board or committee of the City of Port Arthur.

Selection Process

11.03. The Advisory Board of Directors shall be appointed by position as follows:

City Council members representing Districts 1, 4 and 5 shall collectively select one (1) member to the Advisory Board of Directors who shall hold Position A. Said member shall reside in Council District 1, 4 or 5.

City Council members representing Districts 2, 3 and 6 shall collectively select one (1) member to the Advisory Board of Directors who shall hold Position B. Said Advisory Board member shall reside in Council District 2, 3 or 6.

The Mayor and City Council members representing District 7 and 8 shall collectively select two (2) members to the Advisory Board of Directors who shall hold Positions C and D. Said Advisory Board members shall reside in any Council District of the City.

Such nominations shall also be subject to confirmation by a majority vote of the City Council of the City. Upon the occurrence of a vacancy on the Advisory Board, whether by resignation, removal, death or expiration of term, such vacancy shall be filled by the selection process set out herein.

Term of Office

11.04. Each initial Advisory Director shall serve an initial term as follows:

(i) Position A shall have an initial term of office consisting of 27 months beginning on March 1, 1996 and ending on May 31, 1998.

(ii) Position B shall have an initial term of office consisting of 27 months beginning on March 1, 1996 and ending on May 31, 1998.

(iii) Position C shall have an initial term of office consisting of 15 months beginning on March 1, 1996 and ending on May 31, 1997.

(iv) Position D shall have an initial term of office consisting of 39 months beginning on March 1, 1996 and ending on May 31, 1999.

Subsequent Advisory Directors shall be selected as provided for in Article XI, Section 11.03. Each subsequent term for Advisory Directors shall be a term of three (3) years or until his or her successor is appointed by the City Council, unless such Advisory Director has been appointed to fill an unexpired term in which case the term of the Advisory Director shall expire on the expiration date of the term of the Advisory Director whose position he or she was appointed to fill. After the expiration of each Advisory Director's initial term set out above, no Advisory Director shall serve more than three (3) consecutive three (3) year terms as an Advisory Director. Advisory Directors may be removed by the City Council of the City at any time with or without cause.

11.05. No member of the Advisory Board of Directors shall hold office or employment under the Corporation or City government while a member of the Advisory Board of Directors. If upon the expiration of a member's term on the Advisory Board, and such Advisory member, if not appointed to the Board of Directors of the Corporation, such Advisory Board member whose term has expired shall not hold any paid employment under the Corporation or City government within two (2) years after the expiration of such Advisory member's term.

ARTICLE XII

FINANCIAL ADMINISTRATION

12.01. The Corporation may contract with the City of Port Arthur or any other agency or institution for financial, accounting and other such services as the Board of Directors shall deem necessary in the furtherance of the goals and objectives of the Corporation. The Corporation's financing and accounting records shall be maintained according to the following guidelines:

Fiscal Year

12.02. The fiscal year of Corporation shall begin on October 1st of each year and end on September 30th of the following year.

Budget

12.03. A budget for the forthcoming fiscal year shall be submitted to, and approved by, the Board of Directors, and the City Council of the City of Port Arthur. In submitting the budget to the City Council, the Board of Directors shall submit the budget on forms prescribed by the City Manager and in accordance with the annual budget preparation schedule as set forth by the City Manager. The budget shall be submitted to the City Manager for inclusion of it in the annual budget presentation to the City Council. The budget proposed for adoption shall include the projected operating expenses, and such other budgetary information

as shall be useful to or appropriate for the Board of Directors and the City Council of the City of Port Arthur.

Contracts

12.04. As provided in Article IX, Section 9.07, the President and Secretary shall execute any contracts or other instruments which the Board has approved and authorized to be executed, provided, however, that the Board may by appropriate resolution, authorize any other officer or officers of the Corporation to enter into contracts or execute and deliver any instrument in the name and on behalf of the Corporation. Such authority may be confined to specific instances or defined in general terms. When appropriate, the Board may grant a specific or general power of attorney to carry out some action on behalf of the Board, provided, however that no such power of attorney may be granted unless an appropriate resolution of the Board authorizes the same to be done. All contracts will be subject to the approval of the City Council.

Checks and Drafts

12.05. All checks, drafts, or orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Corporation shall be signed or bear the facsimile of the President or the Treasurer, or such other person as designated by the Board.

Deposits

12.06. All funds of the City of Port Arthur Section 4A Economic Development Corporation shall be deposited on a regular basis to the credit of the Corporation in a local bank which shall be federally insured and shall be selected following procedures and requirements for selecting a depository as set forth in Chapter 105 of the Local Government Code.

Gifts

12.07. The City of Port Arthur Section 4A Economic Development Corporation may accept on behalf of the Corporation any contribution, gift, bequest, or device for the general purpose or for any special purposes of the Corporation.

Purchasing

12.08. All purchases made and contracts executed by the Corporation shall be made in accordance with the requirements of the Texas Constitution and Statutes of the State of Texas.

Investments

12.09. Temporary and idle funds which are not needed for immediate obligations of the Corporation may be invested in any legal manner provided in Tex. Rev. Civ. Stat. Ann. Article 842a-2 (Public Funds Investment Act).

Bonds

12.10. Any bonds issued by the Corporation shall be in accordance with the statute governing this Corporation but in any event, no bonds shall be issued without approval of the City of Port Arthur City Council after review and comment by the City's bond counsel and financial advisor.

Uncommitted Funds

12.11. Any uncommitted funds of the Corporation at the end of the fiscal year shall be considered a part of the Fund Balance.

12.12. The Undesignated Fund Balance may be committed for any legal purpose provided the Corporation's Board of Directors and the City Council both approve of such commitment. This may include the establishment of a Permanent Reserve Fund which shall be accumulated for the purpose of using the interest earnings of such fund to finance the operation of the Corporation.

Appropriations and Grants

12.13. The Corporation shall have the power to request and accept subject to the approval of the City Council, 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 XIII

CODE OF ETHICS

Policy and Purposes

13.01. 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.

13.02. This Code of Ethics has been adopted as part of the Corporation's Bylaws for the following purposes: (1) to encourage

high ethical standards in official conduct by Directors and corporate officers; and (2) to establish guidelines for such ethical standards of conduct.

Conflicts of Interest.

13.03. Except as provided in Section 13.05 below, 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 benefitted by the action. A person has a substantial interest in a business (1) if his or her ownership interest is ten percent or more of the fair market value of the business entity, or (2) 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.

13.04. 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 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 Corporation.

13.05. 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.

13.06. An employee of a public entity may serve on the Board, but must be qualified to serve in accordance with Article VII, Section 7.02.

Acceptance of Gifts

13.07. No Director or Advisory 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, Advisory 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. a benefit consisting of food, lodging or transportation accepted as a guest and which is reported as may be required by law.

Bribery

13.08. A Director, Advisory 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.

Nepotism

13.09. 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. The 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 XIV

STAFF OF THE CORPORATION

Board's Relationship With Administrative Departments of the City

14.01. Any request for services made to the administrative departments of the City of Port Arthur shall be made by the Board or its designee in writing to the City Manager. The City Manager may approve such requests for assistance from the Board when he finds such requested services are available within the administrative departments of the City and that the Board has agreed to reimburse the administrative department's budget for the costs of such services so provided.

14.02. Any requests for legal assistance shall be made by the Board or its designee to the City Manager. The City Manager may provide such assistance when such services are available and the Board has agreed to reimburse the City for cost providing the legal services.

Director of Economic Development

14.03. The Corporation may employ a Director of Economic Development, subject to the approval of the City Council. The Director of Economic Development shall serve as the Chief Executive Officer of the Corporation, and shall be charged with the responsibility of carrying out the Corporation's program as adopted and planned by the Board. The Director of Economic Development shall also oversee all administrative functions of the Corporation. The Director shall develop policies and procedures for the Corporation including financial, accounting, and purchasing policies and procedures to be approved by the Board and the City Council.

Other Employees

14.04. The Corporation may employ such full or part-time employees as needed to carry out the programs of the Corporation. These employees shall perform those duties as are assigned to them by the Director of Economic Development. The Director of Economic Development shall be responsible to hire, direct, and control the work of all Corporation employees, consistent with Personnel policies of the City and in keeping with the current fiscal year budget of the Corporation.

ARTICLE XV

INDEMNIFICATION OF DIRECTORS AND OFFICERS

Right to Indemnification

15.01. Subject to the limitations and conditions as provided in this Article and the Articles of Incorporation, each person who was or is made a party or is threatened to be made a part to or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitratve or investigative (hereinafter a "proceeding"), or any appeal in such 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 Corporation or while a Director or officer of the Corporation is or was serving at the request of the City Council of the City of Port Arthur and/or the Corporation 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 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 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 shall be deemed contract rights and no amendment, modification or repeal of this Article 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 could involve indemnification for negligence or under theories of strict liability.

Advance Payment

15.02. The right to indemnification conferred in this Article 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 15.01 of this Article 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 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 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 or otherwise.

Indemnification of Employees and Agents

15.03. The Corporation by adoption of a resolution of the Board, may indemnify and advance expenses to any 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; 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 City Council of the City of Port Arthur and/or the Corporation 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 person to the same extent that it may indemnify and advance expenses to Directors under this Article.

Appearance as a Witness

15.04. Notwithstanding any other provision of this Article, 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.

Non-exclusivity of Rights

15.05. The right to indemnification and the advancement and payment of expenses conferred in this Article shall not be exclusive of any other right which a Director or officer or other person indemnified pursuant to Section 15.03 of this Article may have or hereafter acquire under any law (common or statutory), provision of the Articles of Incorporation of the Corporation or these Bylaws, agreement, vote of shareholders or disinterested Directors or otherwise.

Insurance

15.06. The Corporation shall purchase and maintain at its sole expense such insurance coverages as approved by the City Council, 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 City Council of the City of Port Arthur and/or the Corporation 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 Corporation would have the power to indemnify such person against such expense, liability or loss under this Article.

Bonds

15.07. The President, Vice President, and Treasurer of the Corporation and any other assistants so designated shall each give an official bond in the sum of not less than One Hundred Thousand Dollars (\$100,000) Dollars. The bonds referred to in this Section shall be considered for the faithful accounting of all monies and things of value coming into the hands of such officers. The bonds shall be procured from some regularly accredited surety company authorized to do business in the state. The premiums therefor shall be paid by the Corporation. A copy of each officer's and assistant's bond shall be filed with the City Secretary.

Notification

15.08. Any indemnification of or advance of expenses to a Director or officer in accordance with this Article 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.

Savings Clause

15.09. If this Article 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 as to costs, charges and expenses (including attorneys' fees), judgments, fines and amount 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 that shall not have been invalidated and to the fullest extent permitted by applicable law.

ARTICLE XVI

MISCELLANEOUS PROVISIONS

Notice and Waiver of Notice

16.01. 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 her 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.

Gender

16.02. References herein to the masculine gender shall also refer to the feminine in all appropriate cases.

Seal

16.03. The Board of Directors shall obtain a corporate seal which shall bear the words "Corporate Seal of the City of Port Arthur Section 4A Economic Development Corporation"; the Board may thereafter use the corporate seal and may later alter the seal as necessary without changing the corporate name.

16.04. The seal of the Corporation shall be such as from time to time may be approved by the Board.

Authorization

16.05. The Corporation shall carry out its program subject to its Articles of Incorporation and these Bylaws, and such resolutions as the Board may from time to time authorize.

Program

16.06. The program of the City of Port Arthur Section 4A Economic Development Corporation shall be to assist, stimulate, and enhance economic development in Port Arthur, Texas, subject to applicable State and Federal law, these Bylaws, and the Articles of Incorporation.

Books and Records

16.07. The Corporation shall keep correct and complete books and records of all actions of the Corporation, including books and records of account and the minutes of meetings of the Board of

Directors and of any committee having any authority of the Board and to the City Council. All books and records of the Corporation may be inspected by Directors of the Corporation or his or her agent or attorney at any reasonable time; and any information which maybe designated as public information by law shall be open to public inspection at any reasonable time. The Texas Open Records Act and Open Meetings Act shall apply to disclosure of public information. The Board of Directors shall provide for an annual financial audit to be performed by a competent independent audit firm.

Monthly Reports

16.08 The Corporation shall provide monthly summaries of proposed dispersal of funds for anticipated projects, and funds that are dispersed over \$50,000.

If any two (2) City Council members, or one (1) City Council member and the Mayor, request formal City Council consideration, the City Manager shall notify the Corporation's Executive Director who shall not make the dispersal unless the request for formal City Council action is withdrawn. Upon request for formal City Council consideration, no such payment shall be made, unless a formal public vote in open City Council session is made to approve the dispersal.

Amendments to Bylaws

16.09. These Bylaws may be amended or repealed and new Bylaws may be adopted by an affirmative vote of four (4) of the Board of Directors serving on such Board, at a special meeting of the Board of Directors held for such specific purpose, and the notice requirements stated hereinabove regarding special meetings shall apply. The Board of Directors of the Corporation present at an annual meeting of such Board may, by a vote of four (4), in accordance with the requirements of Article VII hereinabove, amend or repeal and institute new Bylaws, provided that at least ten (10) days prior to the annual meeting, written notice setting forth the proposed action shall have been given to the Board of Directors, and public notice regarding such action given according to the requirements of the Texas Open Meetings Act and Open Records Act.

16.10. Notwithstanding the foregoing, no amendment shall become effective unless the City Council approves the amendment.

Relation to Articles of Incorporation

16.11. These Bylaws are subject to, and governed by, the Articles of Incorporation and applicable State statutes under which the Corporation is organized.

Effective Date

16.12. These Bylaws shall become effective upon the occurrence of the following events:

1. the approval of these Bylaws by the City Council of the City of Port Arthur, Texas; and,
2. the adoption of these Bylaws by the Board.