City of Houston, Texas, Resolution No. 2007-19

A RESOLUTION APPROVING THE CREATION OF THE LELAND WOODS REDEVELOPMENT AUTHORITY; APPROVING THE ARTICLES OF INCORPORATION AND THE BYLAWS THEREOF; CONFIRMING THE APPOINTMENT OF THE INITIAL DIRECTORS AND CHAIRPERSON; AND CONTAINING FINDINGS AND OTHER PROVISIONS RELATING TO THE SUBJECT

* * * * * *

WHEREAS, Subchapter D of Chapter 431, Texas Transportation Code (the "Act"), authorizes the creation and organization of public non-profit local government corporations to act as a duly constituted authority of a city to aid and assist the city in the performance of one or more governmental functions; and

WHEREAS, the Act requires a local government corporation to be created pursuant to the provisions of Chapter 394, Texas Local Government Code ("Chapter 394"), and requires the local government corporation's articles of incorporation and bylaws to be in the form, and to be executed, approved, and filed in the manner, prescribed by Chapter 394; and

WHEREAS, a local government corporation may have and exercise all of the powers prescribed by the Act and Article 1396 of Texas Revised Civil Statutes Annotated (collectively, the "Acts"); and

WHEREAS, Chapter 394 requires as a condition to the creation of a local government corporation that at least three (3) residents of the city who are citizens of the state and at least eighteen (18) years of age submit a written application for the incorporation of the local government corporation; and

WHEREAS, there has been presented to and filed with the City an application executed by three (3) residents of the City who meet the requirements of Chapter 394 requesting the incorporation of the Leland Woods Redevelopment Authority (the "Authority") and

WHEREAS, City Council desires to grant the application for incorporation of the Authority, authorize its Articles of Incorporation, approve its Bylaws, appoint the board of directors of the Authority, and take other action with respect to the Authority; **NOW, THEREFORE**:

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HOUSTON, TEXAS:

Section 1. That the City Council hereby finds, determines, and declares that the application for the incorporation of the Authority is executed and filed in the manner required by Chapter 394 and the City Council therefore has authority to consider and act on the application for incorporation of the Authority.

Section 2. That the City Council hereby finds, determines, recites and declares that it is wise, expedient, necessary, and advisable that the Authority be formed, the creation and organization of the Authority under the provisions of the Act and Chapter 394 as a duly constituted authority of the City is hereby approved, and the Authority is hereby authorized to aid, assist, and act on behalf of the City in the performance of its governmental functions to promote the common good and general welfare of the Leland Woods Area of Houston and neighboring areas, as more particularly described in City of Houston, Texas, Ordinance No 2003-1330, and as the boundaries of Reinvestment Zone Number Twenty-Two, City of Houston, Texas, may be changed from time to time; to develop a policy for and implement the financing and construction of public infrastructure improvements and open space improvements necessary for the development of a single-family subdivision and other related land uses; and to perform the other purposes described in the Articles of Incorporation.

Section 3. That the City Council hereby approves the Articles of Incorporation of the Authority in substantially the form attached hereto as Exhibit "A" and authorizes the incorporators of the Authority to file such Articles of Incorporation with the Secretary of State of the State of Texas in the manner provided by law.

Section 4. That the City Council hereby approves the Bylaws of the Authority in substantially the form attached hereto as Exhibit "B".

Section 5. That the City Council hereby confirms the appointment of the directors listed in the Articles of Incorporation attached hereto. The City Council hereby confirms the appointment of Michael Schaffer as the initial Chairperson of the Board of Directors. Subsequent chairpersons shall be designated as provided by the Bylaws.

Section 6. That the City Council hereby finds, determines, recites, and declares that any notes, bonds, loans, debts or other obligations of the Authority shall not be deemed an indebtedness, liability, general or moral obligation or pledge of the faith or credit of the State of Texas, the City of Houston, or any other political subdivision or governmental unit, nor shall any such notes, bonds, loans, debts or other obligations constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction or an agreement, obligation, or indebtedness of the City or of the State of Texas within the meaning of the City Charter or of any constitutional or statutory provision whatsoever.

Section 7. That the City Council hereby finds, determines, recites, and declares that it is the purpose, intent, and desire of the City in approving the creation of the Authority and its Articles of Incorporation and Bylaws, that such actions and the Authority hereby authorized comply with the requirements of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations and Internal Revenue Service rulings promulgated thereunder and the rulings issued pursuant thereto, such that the Authority shall be deemed to be a constituted authority acting on behalf of the City pursuant to the provisions of the Act and Chapter 394, Texas Local Government Code.

Section 8. That the City Council officially finds, determines, recites and declares a sufficient written notice of the date, hour, place and subject of this meeting of the City Council was posted at a place convenient and readily accessible at all times to the general public at the City Hall of the City for the time required by law preceding this meeting, as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended, and that this meeting has been open to the public as required by law at all times during which this Resolution and the subject matter thereof has been discussed, considered and formally acted upon. That City Council further ratifies, approves and confirms such written notice and the contents and posting thereof.

Section 9. This Resolution shall take effect immediately upon its passage and approval by the Mayor; however, in the event that the Mayor fails to sign this Resolution within five days after its passage and adoption, it shall take effect in accordance with Article VI, Section 6, Houston City Charter.

PASSED AND ADOPTED this 18th **day of** April **, 2007.**

APPROVED this _____ day of _____, 2007.

_____
Mayor of the City of Houston

Pursuant to Article VI, Section 6, Houston City Charter, the effective date of the foregoing Resolution is _____.

_____
City Secretary

(Prepared by Legal Dept. Deborah F. McKnight)
(DFM:dfm) Senior Assistant City Attorney
(Requested by Judy Gray Johnson, Director, Finance and Administration Department)
(L. D. File No. 0610300217008)
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CAPTION PUBLISHED IN DAILY COURT REVIEW
DATE: APR 2 4 2007

AYE	NO	
✓		**MAYOR WHITE**
••••	••••	**COUNCIL MEMBERS**
✓		LAWRENCE
✓		JOHNSON
✓		CLUTTERBUCK
	ABSENT-ON PERSONAL BUSINESS	EDWARDS
	ABSENT DUE TO BEING ILL	WISEMAN
✓		KHAN
✓		HOLM
✓		GARCIA
✓		ALVARADO
✓		BROWN
✓		LOVELL
✓		GREEN
	ABSENT	BERRY
CAPTION	ADOPTED	

MAY 017 Rev.1/04

EXHIBIT "A'

FORM OF ARTICLES OF INCORPORATION

LELAND WOODS REDEVELOPMENT AUTHORITY

ARTICLES OF INCORPORATION

OF

THE LELAND WOODS REDEVELOPMENT AUTHORITY

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 Houston, Texas (the "City") and a citizen of the State of Texas, acting as incorporators of a corporation under the provisions of Subchapter D of Chapter 431, Texas Transportation Code (the "Act"), and Chapter 394, Vernon's Texas Codes Annotated, Texas Local Government Code (the "Local Government Code"), do hereby adopt the following Articles of Incorporation for such corporation:

ARTICLE I

The name of the corporation is LELAND WOODS REDEVELOPMENT AUTHORITY (the "Authority").

ARTICLE II

The Authority is a public non-profit corporation.

ARTICLE III

The period of duration of the Authority shall be perpetual.

ARTICLE IV

The Authority is organized and will be operated exclusively for one or more charitable purposes, within the meaning of Section 501(c)(3) of the U.S. Internal Revenue Code of 1986, as amended (the "Code"). The Authority is organized for the purpose of aiding, assisting, and acting on behalf of the City in the performance of its governmental functions to promote the common good and general welfare of the area included in Reinvestment Zone Number Twenty-Two, City of Houston, Texas (the "Zone") and neighboring areas, as more particularly described in City Ordinance No. 2003-1330 and as the boundaries may be amended from time to time (the "Leland Woods Area"); to promote, develop, encourage and maintain housing, employment, commerce and economic development in the City.

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

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

(b) in the development of a policy for and implementation of the financing and construction of public infrastructure improvements and open space improvements necessary for

the development of a single-family subdivision and other related land uses in the Leland Woods Area; and

(c) in the development and implementation of a development policy for the Leland Woods Area, including the acquisition of land for development purposes.

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

The Authority shall have and exercise all of the rights, powers, privileges, authority, and functions given by the general laws of Texas to non-profit corporations incorporated under the Act including, without limitation, Article 1396, Vernon's Texas Civil Statutes.

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

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

ARTICLE V

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

ARTICLE VI

All powers of the Authority shall be vested in a Board consisting initially of five (5) persons. Additional persons may be added to the Board by the Authority in accordance with the provisions of the Bylaws. The initial directors of the Authority ("Director" or "Directors") shall be those persons named in Article VIII. Each initial Director named in Article VIII hereof shall serve for the term prescribed in the Bylaws. Subsequent Directors shall be appointed by position to the Board as prescribed in the Bylaws. Except as provided in the Articles of Incorporation, each Director shall serve for the term provided in the Bylaws. Any Director may be removed from office at any time, with or without cause, by the City Council of the City.

The initial Chairperson shall be Michael Schaffer, and the Mayor shall designate each subsequent Chairperson of the Board.

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

(1) Chief of Staff, Mayor's Office;

(2) Director of the City Department of Public Works and Engineering;

(3) City Attorney;

(4) Director of the City Planning and Development Department;

(5) Director of the City Finance and Administration Department; and

(6) Chair of the City Council Housing and Community Development Committee.

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

ARTICLE VII

The street address of the initial registered office of the Authority is 1001 Fannin Street,, Suite 2300, Houston, Texas, 77002, and the name of its initial registered agent at such address is Barron F. Wallace.

ARTICLE VIII

The number of Directors initially constituting the Board is five. The names, addresses, and positions of the five initial Directors, each of whom resides within the City are as follows:

Name and Address	Position	Term Expires
Reverend Martin Luther Holiday 8606 Flossie Mae Court Houston, TX 77028	One	December 31, 2007
Honorable Senfronia Thompson 10527 Homestead Houston, TX 77016	Two	December 31, 2008
Michael Schaffer 5400 Katy Freeway Houston, TX 77007	Three	December 31, 2007

Allen Provost 8403 Claiborne Street Houston, Texas 77078	Four	December 31, 2008
Samuel Eaton 3555 Timmons, Suite 1100 Houston, TX 77027	Five	December 31, 2007

ARTICLE IX

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

Name and Address	
Barron F. Wallace	4327 North Roseneath Drive; Houston, TX 77021
Lisa N. Helfman	2222 Shakespeare Street; Houston, TX 77030
Jonathan K. Frels	2236 South Boulevard; Houston, TX 77098

ARTICLE X

Resolution No. _____ approving the form of these Articles of Incorporation has been adopted by the City Council of the City on _____ __, 2006. * [to be filled in upon adoption of such Resolution]

ARTICLE XI

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

ARTICLE XII

In accordance with the provisions of Section 501(c)(3) of the U.S. 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 Authority: (a) shall not permit any part of the net earnings of the Authority to inure to the benefit of any private individual (except that

reasonable compensation may be paid for personal services rendered to or for the Authority in effecting one or more of its purposes); (b) shall not devote more than an insubstantial part of its activities to attempting to influence legislation by propaganda or otherwise; (c) shall not participate in, or intervene in (including the publication or distribution of statements), any political campaign on behalf of any candidate for public office; and (d) shall not attempt to influence the outcome of any election for public office or to carry on, directly or indirectly, any voter registration drives. Any income earned by the Authority after payment of reasonable expenses, debt and establishing a reserve shall accrue to the City.

The City shall, at all times, have an unrestricted right to receive any income earned by the Authority, exclusive of amounts needed to cover reasonable expenditures and reasonable reserves for future activities. Unless otherwise directed by the City, any income of the Authority received by the City shall be deposited into the Reinvestment Zone Number Twenty-Two, City of Houston, Texas, Tax Increment Fund, or its successor. No part of the Authority's income shall inure to the benefit of any private interests.

If the Board of Directors determines by resolution that the purposes for which the Authority was formed have been substantially met and all bonds issued by and all obligations incurred by the Authority have been fully paid, the Board shall execute a certificate of dissolution which states those facts and declares the Authority dissolved in accordance with the requirements of Section 394.026 of Vernon's Texas Codes Annotated, Local Government Code, or with applicable law then in existence. In the event of dissolution or liquidation of the Authority, all assets will be turned over to the City for deposit into the Reinvestment Zone Number Twenty-Two, City of Houston, Texas, Tax Increment Fund unless the City Council shall otherwise direct for a public purpose.

Any capital project(s) of the Authority as well as all plans and specifications of any improvement to be made by the Authority shall be approved by the Director of the Department of Public Works and Engineering of the City.

ARTICLE XIII

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

ARTICLE XIV

The City Council may at any time consider and approve an ordinance directing the Board to proceed with the dissolution of the Authority, at which time the Board shall proceed with the dissolution of the Authority in accordance with applicable state law. The failure of the Board to proceed with the dissolution of the Authority in accordance with this Section shall be deemed a

cause for the removal from office of any or all of the Directors as permitted by Article VI of these Articles of Incorporation.

ARTICLE XV

These Articles may not be changed or amended unless approved by the City Council of the City.

IN WITNESS WHEREOF, we have hereunto set our hands this __ day of _____, 2007.

_____
Incorporator

_____
Incorporator

_____
Incorporator

THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

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

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the____ day of _____, 2007.

_____
Notary Public in and for
The State of Texas

(SEAL)

THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

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

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the____ day of _____, 2007.

_____
Notary Public in and for
The State of Texas

(SEAL)

THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

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

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the ____ day of _____, 2007.

(SEAL)

_____
Notary Public in and for
The State of Texas

EXHIBIT "B'

FORM OF BYLAWS

LELAND WOODS REDEVELOPMENT AUTHORITY

BYLAWS

OF THE

LELAND WOODS REDEVELOPMENT AUTHORITY

A Texas Local Government Corporation
(Created on behalf of the City of Houston)

Date of Adoption: _____, 2007

TABLE OF CONTENTS

Page

ARTICLE I PURPOSES 1

ARTICLE II BOARD OF DIRECTORS 2

Section 1. Appointment, Classes, Powers, Number, and Term of Office 2
Section 2. Meetings of Directors 3
Section 3. Annual Meetings 3
Section 4. Regular Meetings 3
Section 5. Special and Emergency Meetings 3
Section 6. Quorum 4
Section 7. Conduct of Business 4
Section 8. Executive Committee, Other Committees 4
Section 9. Compensation of Directors 4
Section 10. Director's Reliance on Consultant Information 5

ARTICLE III OFFICERS 5

Section 1. Titles and Term of Office 5
Section 2. Powers and Duties of the Chairperson 5
Section 3. Powers and Duties of the Vice Chairperson 5
Section 4. Powers and Duties of the President 5
Section 5. Vice Presidents 6
Section 6. Treasurer 6
Section 7. Secretary 6
Section 8. Compensation 6
Section 9. Officer's Reliance on Consultant Information 6

ARTICLE IV MISCELLANEOUS PROVISIONS 7

Section 1. Fiscal Year 7
Section 2. Seal 7
Section 3. Notice and Waiver of Notice 7
Section 4. Resignations 7
Section 5. Gender 7
Section 6. Appropriations and Grants 7

ARTICLE V INDEMNIFICATION OF DIRECTORS AND OFFICERS 8

Section 1. Right to Indemnification 8
Section 2. Advance Payment 8
Section 3. Indemnification of Employees and Agents 8

Section 4. Appearance as a Witness....9
Section 5. Non-exclusivity of Rights....9
Section 6. Insurance....9
Section 7. Notification....9
Section 8. Savings Clause....9

ARTICLE VI CODE OF ETHICS.... 10

Section 1. Policy and Purposes. 10
Section 2. Conflicts of Interest....10
Section 3. Nepotism....10

ARTICLE VII AMENDMENTS.... 11

ARTICLE I

PURPOSES

The Leland Woods Redevelopment Authority (the "Authority") is organized and will be operated exclusively for one or more charitable purposes, within the meaning of Section 501(c)(3) of the U.S. Internal Revenue Code of 1986, as amended (the "Code"). The Authority is organized for the purpose of aiding, assisting, and acting on behalf of the City of Houston, Texas (the "City") in the performance of its governmental functions to promote the common good and general welfare of the area included in Reinvestment Zone Number Twenty-Two, City of Houston, Texas (the "Zone") and neighboring areas in Houston (the "Leland Woods Area"); to promote, develop, encourage and maintain housing, employment, commerce and economic development in the City.

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

A. in the preparation and implementation of the Project Plan and a Financing Plan for the Zone and the preparation and implementation of amendments thereto;

B. in the development of a policy for and implementation of the financing and construction of public infrastructure improvements and open space improvements necessary for the development of a single-family subdivision and other related land uses in the Leland Woods Area; and

C. in the development and implementation of a development policy for the Leland Woods Area, including the acquisition of land for development purposes.

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

The Authority shall have and exercise all of the rights, powers, privileges, authority, and functions given by the general laws of Texas to non-profit corporations incorporated under the Act including, without limitation, Article 1396, Vernon's Texas Civil Statutes.

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

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

ARTICLE II

BOARD OF DIRECTORS

*Section 1. Appointment, Classes, Powers, Number, and Term of Office*All powers of the Authority shall be vested in the Board of Directors (the "Board"). The Board shall initially consist of five (5) persons. The Directors on the Board shall be increased to the number of directors on the board of Zone in the event such board is increased to more than five (5) directors. Directors of the Authority ("Director" or Directors") shall be appointed by position to the Board by the Mayor of the City with the consent and approval of the City Council of the City and shall be the same persons appointed to the corresponding positions of the board of the Zone. Appointment of a person to the corresponding position of the board of the Zone by the City shall constitute appointment of such person to the corresponding position of the Board by the City. Each taxing unit that appoints or designates a director to the Zone shall be assigned a position number on the Board corresponding to the position number of that appointee on the board of the Zone. Appointment of a person to the corresponding position of the board of the Zone by any taxing unit shall constitute nomination of such person to the corresponding position of the Board by such taxing unit. The Chairman of the Board shall always be appointed by the Mayor of the City.

Each Director shall serve for a term which expires on the date set forth below for the position to which such person was appointed, 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 the Bylaws with the consent of the City Council of the City, except when the number of Directors is increased due to an increase in the number of directors on the board of the Zone, consent of the City Council of the City is not required.

The term of each position shall be coterminous with the term of the corresponding position on the board of the Zone as established by City Ordinance No. 2003-1330, as may be amended from time to time. If any of the following persons is not serving as a member of the Board, he or she, or his or her designee, shall serve as an ex-officio, non-voting member of the Board:

(1) Chief of Staff, Mayor's Office;

(2) Director of the City Department of Public Works and Engineering;

(3) City Attorney;

(4) Director of the City Planning and Development Department;

(5) Director of the City Finance and Administration Department; and

(6) Chair of the City Council Housing and Community Development Committee.

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

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

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

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

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

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

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

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

Section 6. *Quorum.* A majority of the appointed position of the Board shall constitute a quorum for the consideration of matters pertaining to the purposes of the Authority. If at any meeting of the Board there is less than a quorum present, a majority of those present may adjourn the meeting from time to time. The act of a majority of the Directors present and voting at a meeting at which a quorum is in attendance shall constitute the act of the Board, unless the act of a greater number is required by law, by the Articles of Incorporation, or by these Bylaws.

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

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

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

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

Section 8. *Executive Committee, Other Committees.* The Board may, by resolution passed by a majority of the Directors, designate two (2) or more Directors to constitute an executive committee or other type of committee. To the extent provided in the authorizing resolution, a committee shall have and may exercise all of the authority of the Board in the management of the Authority, except where action of the Board is specified by statute. A committee shall act in the manner provided in the authorizing resolution. Each committee so designated shall keep regular minutes of the transactions of its meetings and shall cause such minutes to be recorded in books kept for that purpose in the office of the Authority, and shall report the same to the Board from time to time. Committees authorized to exercise the powers of the Board shall give notice of any meeting in the manner required for a meeting of the Board.

Section 9. *Compensation of Directors.* Directors, as such, shall not receive any salary or compensation for their services as Directors; provided, that nothing contained herein shall be construed to preclude any Director from receiving (i) compensation which is not excessive and which is at commercially reasonable rates for personal services (rendered in other than a "Director" capacity) which are reasonable and necessary in carrying out the Authority's purposes; or (ii) reimbursements of actual expenses reasonably and necessarily incurred by a Director while engaging in activities on behalf of the Authority.

Section 10. Director's Reliance on Consultant Information. A Director shall not be liable if while acting in good faith and with ordinary care, he relies on information, opinions, reports, or statements, including financial statements and other financial data, concerning the Authority or another person, that were prepared or presented by:

(a) one or more other officers or employees of the Authority;

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

(c) a committee of the Board of which the Director is not a member.

ARTICLE III

OFFICERS

Section 1. Titles and Term of Office. The officers of the Authority shall be a chairperson of the Board, one or more vice chairpersons of the Board, a president, one or more vice presidents, a secretary, a treasurer, and such other officers as the Board may from time to time elect or appoint. One person may hold more than one office, except that neither the Chairperson of the Board nor the President shall hold the office of Secretary. The term of office for each officer (other than the Chairperson) shall be two (2) years commencing with the date of the annual meeting of the Board at which each such officer is elected. The Chairperson shall serve for the term designated by the City Council of the City.

All officers (other than the Chairperson) 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 (other than the Chairperson) shall be filled by the Board.

Section 2. Powers and Duties of the Chairperson. The Chairperson shall be a member of the Board and shall preside at all meetings of the Board. The Chairperson shall be designated by the City Council of the City. He or she shall have such duties as are assigned by the Board. The Chairperson may call special or emergency meetings of the Board.

Section 3. Powers and Duties of the Vice Chairperson. The Vice Chairperson shall be a member of the Board. The Vice Chairperson shall perform the duties and exercise the powers of the Chairperson upon the Chairperson's death, absence, disability, or resignation, or upon the Chairperson's inability to perform the duties of his or her office. Any action taken by the Vice Chairperson in the performance of the duties of the Chairperson shall be conclusive evidence of the absence or inability to act of the Chairperson at the time such action was taken.

Section 4. Powers and Duties of the President. The President shall be the principal executive officer of the Authority and, subject to the Board, he or she shall be in general charge of the properties and affairs of the Authority. In furtherance of the purposes of the Authority and subject to the limitations contained in the Articles of Incorporation, the President, Chairperson,

or Vice Chairperson may sign and execute all bonds, notes, deeds, conveyances, franchises, assignments, mortgages, notes, contracts and other obligations in the name of the Authority.

Section 5. Vice Presidents. A Vice President shall have such powers and duties as may be assigned to him or her by the Board or the President, including the performance of the duties of the President upon the death, absence, disability, or resignation of the President, 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 6. Treasurer. The Treasurer shall have custody of all the funds and securities of the Authority which come into his or her hands. When necessary or proper, he or she may endorse, on behalf of the Authority, for collection, checks, notes and other obligations and shall deposit the same to the credit of the Authority in such bank or banks or depositories as shall be designated in the manner prescribed by the Board; he or she may sign all receipts and vouchers for payments made to the Authority, either alone or jointly with such other officer as is designated by the Board; whenever required by the Board, he or she shall render a statement of his or her case account; he or she shall enter or cause to be entered regularly in the books of the Authority to be kept by him or her for that purpose full and accurate accounts of all moneys received and paid out on account of the Authority; he or she shall perform all acts incident to the position of Treasurer subject to the control of the Board; and he or she shall, if required by the Board, give such bond for the faithful discharge of his or her duties in such form as the Board may require.

Section 7. Secretary. The Secretary shall keep the minutes of all meetings of the Board in books provided for that purpose; he or she shall attend to the giving and serving of all notices; in furtherance of the purposes of the Authority and subject to the limitations contained in the Articles of Incorporation, he or she may sign with the President in the name of the Authority and/or attest the signatures thereof, all contracts, conveyances, franchises, bonds, deeds, assignments, mortgages, notes and other instruments of the Authority; he or she shall have charge of the Authority's books, records, documents and instruments, except the books of account and financial records and securities of which the Treasurer shall have custody and charge, and such other books and papers as the Board may direct, all of which shall at all reasonable times be open to the inspection of any Director upon application at the office of the Authority during business hours; and, he or she shall in general perform all duties incident to the office of Secretary subject to the control of the Board.

Section 8. Compensation. Officers may be entitled to receive such salary, compensation or reimbursements which are necessary and reasonable in carrying out the Authority's purposes as the Board may from time to time determine, provided, that in no event shall the salary or compensation be excessive. Board members, even in their capacity as officers, are not entitled to compensation except as otherwise provided in Article II, Section 9.

Section 9. Officer's Reliance on Consultant Information. In the discharge of a duty imposed or power conferred on an officer of the Authority, the officer may in good faith and with ordinary care rely on information, opinions, reports, or statements, including financial statements

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

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

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

ARTICLE IV

MISCELLANEOUS PROVISIONS

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

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

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

Section 4. *Resignations.* Any Director, officer or Advisory Director may resign at any time. Such resignations shall be made in writing and shall take effect at the time specified therein, or, if no time be specified, at the time of its receipt by the President or Secretary. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

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

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

ARTICLE V

INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 1. Right to Indemnification. Subject to the limitations and conditions as provided in this Article V and the Articles of Incorporation, each person who was or is made a party or is threatened to be made a party to or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, 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 he or she, or a person of whom he or she is the legal representative, is or was a Director or officer of the Authority or while a Director or officer of the Authority is or was serving at the request of the Authority as a director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise shall be indemnified by the Authority to the fullest extent permitted by the Texas Non-Profit Corporation Act, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Authority to provide broader indemnification rights than said law permitted the Authority to provide prior to such amendment) against judgments, penalties (including excise and similar taxes and punitive damages), fines, settlements and reasonable expenses (including, without limitation, attorneys' fees) actually incurred by such person in connection with such proceeding, and indemnification under this Article V shall continue as to a person who has ceased to serve in the capacity which initially entitled such person to indemnity hereunder. The rights granted pursuant to this Article V shall be deemed contract rights, and no amendment, modification or repeal of this Article V shall have the effect of limiting or denying any such rights with respect to actions taken or proceedings arising prior to any such amendment, modification or repeal. It is expressly acknowledged that the indemnification provided in this Article V could involve indemnification for negligence or under theories of strict liability.

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

Section 3. Indemnification of Employees and Agents. The Authority, by adoption of a resolution of the Board, may indemnify and advance expenses to an employee or agent of the Authority to the same extent and subject to the same conditions under which it may indemnify and advance expenses to Directors and officers under this Article V; and the Authority may

indemnify and advance expenses to persons who are not or were not Directors, officers, employees or agents of the Authority but who are or were serving at the request of the Authority as a Director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise against any liability asserted against him or her and incurred by him or her in such a capacity or arising out of his or her status as such a person to the same extent that it may indemnify and advance expenses to Directors under this Article V.

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

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

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

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

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

ARTICLE VI

CODE OF ETHICS

Section 1. Policy and Purposes.

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

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

Section 2. Conflicts of Interest.

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

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

(c) A Director who has a substantial interest in a business entity that will receive a pecuniary benefit from an action of the Board may vote on that action if a majority of the Board has a similar interest in the same action or if all other similar business entities in the Authority will receive a similar pecuniary benefit.

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

Section 3. 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 VII

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.