

The State of Texas

Secretary of State

ANTONIO O. GARZA, JR.
SECRETARY OF STATE

CHARTER NO. 01360591-01
ARTICLE 9.01, T.N.P.C.A. REPORT
FILING FEE \$5.00

PURSUANT TO THE PROVISIONS OF ARTICLE 9.01 OF THE TEXAS NON-PROFIT CORPORATION ACT, THE UNDERSIGNED CORPORATION HEREBY FILES ITS REPORT SETTING FORTH:

1. THE NAME OF THE CORPORATION IS:

LAKE JACKSON DEVELOPMENT CORPORATION

2. IT IS INCORPORATED UNDER THE LAWS OF: TEXAS

3. THE STREET ADDRESS OF THE REGISTERED OFFICE OF THE CORPORATION IN THE STATE OF TEXAS IS: 25 OAK DR. CITY HALL LAKE JACKSON, TX 77566 (MAKE ANY CHANGES HERE)

4. ITS REGISTERED AGENT AT SUCH ADDRESS IS: WILLIAM P. YENNE (MAKE ANY CHANGES HERE)

5. IF A FOREIGN CORPORATION, THE STREET ADDRESS OF ITS PRINCIPAL OFFICE IN THE STATE OR COUNTRY UNDER THE LAWS OF WHICH IT IS INCORPORATED IS:

6. THE NAMES AND RESPECTIVE ADDRESSES OF ITS DIRECTORS (OR TRUSTEES, ETC.) AND OFFICERS ARE: (NAME AT LEAST 3)

NAME	TITLE	ADDRESS
JIM MARTIN	CHAIRMAN	25 OAK DR. LAKE JACKSON
WILLIAM P. YENNE	PRESIDENT	25 OAK DR. LAKE JACKSON
PAMELA K. EAVES	TREASURER	25 OAK DR. LAKE JACKSON
KAREN B. SCHROM	SECRETARY	25 OAK DR. LAKE JACKSON

7. THE FOREGOING INFORMATION IS GIVEN AS OF THE DATE OF THE EXECUTION OF THIS REPORT:

DATED MARCH 24, 19 97

LAKE JACKSON DEVELOPMENT CORP.

NAME OF CORPORATION

BY William P. Yenne

(SIGNATURE)

ITS PRESIDENT

(TITLE OF OFFICER SIGNING)

NOTE: ALL ITEMS MUST BE COMPLETED. MAKE CHANGES TO ITEMS 3 AND 4 AS NECESSARY. RETURN TO SECRETARY OF STATE, CORPORATIONS SECTION, P.O. BOX 13697, AUSTIN, TEXAS 78711-3697 WITH A \$5.00 FEE.



The State of Texas

SECRETARY OF STATE

**CERTIFICATE OF INCORPORATION
OF
LAKE JACKSON DEVELOPMENT CORPORATION
CHARTER NUMBER 1360591**

The undersigned, as Secretary of State of Texas, hereby certifies that the attached Articles of Incorporation for the above named corporation have been received in this office and are found to conform to law.

ACCORDINGLY, the undersigned, as Secretary of State, and by virtue of the authority vested in the Secretary by law, hereby issues this Certificate of Incorporation.

Issuance of this Certificate of Incorporation does not authorize the use of a corporate name in this state in violation of the rights of another under the federal Trademark Act of 1946, the Texas trademark law, the Assumed Business or Professional Name Act, or the common law.

Dated: June 23, 1995
Effective June 23, 1995



Antonio O. Garza, Jr.
Secretary of State

MFG

ARTICLES OF INCORPORATION

OF

LAKE JACKSON DEVELOPMENT CORPORATION

FILED
In the Office of the
Secretary of State of Texas

JUN 28 1995

Corporations Section

We, the undersigned natural persons, not less than three in number, each of whom is at least 18 years of age and is a qualified elector of the City of Lake Jackson, Texas (the "City"), acting as incorporators of a public instrumentality and non-profit development corporation (the "Corporation") under the Development Corporation Act of 1979, as amended, Article 5190.6, Tex. Rev. Civ. Stat. Ann., as amended (the "Act"), with the approval of the City Council (the "City Council") of the City, do hereby adopt the following Articles of Incorporation for the Corporation:

ARTICLE ONE

The name of the Corporation is LAKE JACKSON DEVELOPMENT CORPORATION.

ARTICLE TWO

The Corporation is a non-profit development corporation under the Act and is governed by Section 4B of the Act.

ARTICLE THREE

Subject to the provisions of Article Eleven of these Articles, the period of duration of the Corporation is perpetual.

ARTICLE FOUR

(a) The purpose of the Corporation is to promote parks, recreation and economic development within the City and the State of Texas as provided by the electorate in order to promote the public welfare of, for and on behalf of the City by developing, implementing, providing, and financing projects under the Act and as defined in Section 4B of the Act.

(b) In the fulfillment of its corporate purpose, the Corporation shall have the power to provide financing to pay the costs of projects through the issuance or execution of bonds, to be repaid through the collection of sales and use tax, and to acquire, maintain, lease and sell property, and interests therein, all to be done and accomplished on behalf of the City and for its benefit and to

accomplish its public and governmental purposes as its duly constituted authority and public instrumentality pursuant to the Act and under, and within the meaning of, the Internal Revenue Code of 1986, as amended, and the applicable regulations of the United States Treasury Department and the rulings of the Internal Revenue Service of the United States prescribed and promulgated thereunder.

(c) In the fulfillment of its corporate purpose the Corporation shall have and may exercise the powers described in paragraph (b) of this Article, together with all of the other powers granted to corporations that are incorporated under the Act and that are governed by Section 4B thereof, and, to the extent not in conflict with the Act, the Corporation shall additionally have and may exercise all of the rights, powers, privileges, authorities, and functions given by the general laws of the State of Texas to nonprofit corporations under the Texas Non-Profit Corporation Act, as amended, Article 1396-1.01, et seq., Vernon's Ann. Civ. St., as amended.

(d) The Corporation is a corporation having the purposes and powers permitted by the Act pursuant to the authority granted in Article III, Section 52-a of the Texas Constitution, but the corporation does not have, and shall not exercise the powers of sovereignty of the City, including the power to tax (except for the power to receive and use the sale and use taxes specified in Section 4B of the Act) and the police power. However, for the purposes of the Texas Tort Claims Act (Subchapter A, Chapter 101, Texas Civil Practice and Remedies Code), the Corporation is a governmental unit and its actions are governmental functions.

(e) Obligations of the Corporation shall be deemed not to constitute a debt of the State of Texas, of the City, or of any other political corporation, subdivision, or agency of the State of Texas or a pledge of the faith and credit of any of them. Obligations of the Corporation, including, but not limited to, obligations payable to the City, shall be payable from revenues received from the sources authorized by Section 4B of the Act and any other source available to the Corporation from time to time.

ARTICLE FIVE

The Corporation has no members and is a non-stock corporation.

ARTICLE SIX

These Articles of Incorporation may be amended in either one of the methods prescribed in this Article.

(a) Pursuant to the powers of the City contained in Section 17(b) of the Act, the City Council, by resolution, may amend these Articles of Incorporation by filing amendments hereto with the Secretary of State as provided by the Act.

(b) The board of directors of the Corporation may file a written application with the City

Council requesting approval of proposed amendments to these Articles of Incorporation, specifying in such application the proposed amendments. If the City Council, by appropriate resolution, finds and determines that it is advisable that the proposed amendments be made, authorizes the same to be made, and approves the form of the proposed amendments, the board of directors of the Corporation may proceed to amend these Articles of Incorporation in the matter provided by the Act.

(c) The board of directors of the Corporation shall not have any power to amend these Articles of Incorporation except in accordance with the procedures established in paragraph (b) of this Article.

ARTICLE SEVEN

The street address of the initial registered office of the Corporation is the City Hall, 25 Oak Drive, Lake Jackson, TX 77566, and the name of its initial registered agent at such address is City Manager, William P. Yenne.

ARTICLE EIGHT

The affairs of the Corporation shall be managed by a board of directors which shall be composed of seven (7) persons appointed by the City Council, who are residents of the City. Three (3) members of the board of directors shall be members of the City Council (the "Councilmember Class") and four (4) members shall be persons who are not members of the City Council and who are not employees of the City (the "Citizenmember Class"). The names and street addresses of the persons who are to serve as the initial directors of the respective classes and the dates of expiration of their initial terms as directors, are as follows:

<u>NAME</u>	<u>ADDRESSES</u>	<u>DATE OF EXPIRATION OF TERM</u>	<u>CLASS OF DIRECTOR</u>
Doris Williams	25 Oak Drive Lake Jackson, TX 77566	June 1997	Councilmember
Gerald Andrews	25 Oak Drive Lake Jackson, TX 77566	June 1997	Councilmember
Jim Martin	25 Oak Drive Lake Jackson, TX 77566	June 1997	Councilmember
Ron Steinbach	67 S. Bachelor Button Lake Jackson, TX 77566	June 1997	Citizenmember
Lucilla Henderson	108 Greenbriar Drive Lake Jackson, TX 77566	June 1997	Citizenmember
Phyllis Saathoff	55 Waterlily Court Lake Jackson, TX 77566	June 1997	Citizenmember
Harry Koester	309 Hickory Lake Jackson, TX 77566	June 1997	Citizenmember

Each director shall hold office for the term for which the director is appointed unless sooner removed or resigned. Each director, including the initial directors, shall be eligible for reappointment. Directors are removable by the City Council at will and must be appointed for a term of two (2) years. If a director of the Councilmember Class shall cease to be a member of the City Council, such event shall constitute an automatic resignation as a director and the successor in office shall become a director. Any vacancy occurring on the board of directors through death, resignation or otherwise, shall be appointed by the City Council to hold office until the expiration of the vacating member's term.

ARTICLE NINE

The name and street address of each incorporator are:

<u>NAME</u>	<u>ADDRESS</u>
Doris Williams, Mayor	25 Oak Drive Lake Jackson, TX 77566
Jim Martin, Council Member	25 Oak Drive Lake Jackson, TX 77566
Gerald Andrews, Council Member	25 Oak Drive Lake Jackson, TX 77566

ARTICLE TEN

(a) The initial bylaws of the Corporation shall be in the form and substance approved by the City Council in its ordinance approving these Articles of Incorporation. Such bylaws shall be adopted by the Corporation's board of directors and shall, together with these Articles of Incorporation, govern the internal affairs of the Corporation until and unless amended in accordance with this Article.

(b) Neither the initial bylaws nor any subsequently effective bylaws of the Corporation may be amended without the consent and approval of the City Council. The board of directors of the Corporation shall make application to the City Council for the approval of any proposed amendments, but the same shall not become effective until or unless the same shall be approved by resolution adopted by the City Council.

ARTICLE ELEVEN

(a) The City Council may, in its sole discretion, and at any time, alter or change the structure, organization, programs or activities of the Corporation, and it may terminate or dissolve the Corporation, subject to the provisions of paragraphs (b) and (c) of this Article.

(b) The Corporation shall not be dissolved, and its business shall not be terminated, by act of the City Council or otherwise, so long as the Corporation shall be obligated to pay any bonds, notes, or other obligations and unless the collection of the sales and use tax authorized by Section 4B of the Act is eligible for termination in accordance with the provisions of Section 4B(I) of the Act.

(c) No action shall be taken pursuant to paragraphs (a) and (b) of this Article or pursuant to paragraph (b) of Article Twelve of these Articles, in any manner or at any time that would impair any contract, lease, right, or other obligation theretofore executed, granted, or incurred by the Corporation.

ARTICLE TWELVE

(a) No dividends shall ever be paid by the Corporation and no part of its net earnings remaining after payment of its expenses and other obligations shall be distributed to or inure to the benefit of its directors or officers, of any individual, private firm, or private corporation or association.

(b) If, after the close of any fiscal year, the board of directors shall determine that sufficient provision has been made for the full payment of all current expenses, together with all amounts payable on the obligations of the Corporation, and that all of the terms, provisions, and covenants therein have been met, then any net earnings derived from sources other than the sales and use taxes collected for the account of Corporation pursuant to Section 4B of the Act, and lease payments received in connection with projects financed pursuant to Section 4B of the Act shall be used solely for the purposes permitted by Section 4B of the Act.

(c) If the Corporation ever should be dissolved when it has, or is entitled to, any interest in any funds or property of any kind, real, personal, or mixed, such funds or property or rights thereto shall not be transferred to private ownership, but shall be transferred and delivered to the City after satisfaction or provision for satisfaction of all debts, claims of the Corporation.

(d) No part of the Corporation's activities shall consist of the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in any political campaign of or in opposition to any candidate for public office.

ARTICLE THIRTEEN

INDEMNITY OF DIRECTORS, OFFICERS AND EMPLOYEES

(a) As provide in the Act and in the Articles of Incorporation, the Corporation is, for the purposes of the Texas Tort Claims Act (Subchapter A, Chapter 101, Texas Civil Practices and Remedies Code), a governmental unit and its actions are governmental functions.

(b) The Corporation shall indemnify each and every member of the Board, its officers, and its employees, and each member of the City Council and each officer and employee of the City, to the fullest extent permitted by law, against any and all liability or expense, including attorneys fees,

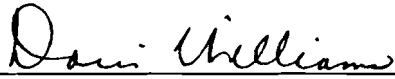
incurred by any of such persons by reason of any actions or omissions that may arise out of the functions and activities of the Corporation. The attorney for the Corporation is authorized to provide a defense for members of the Board, officers and employees of the Corporation, and hire such attorneys and experts as needed for the defense.

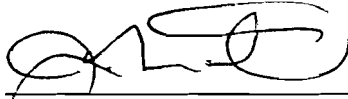
(c) If any member of the Board, its officers, officials or employees of the Board or the City, whether elected or appointed, is sued or made a defendant in a lawsuit in any court or forum for any reason arising out of the good faith performance of the duties of such official or employee or within the scope and course of his service or employment for the Board or the City, and unless legal defense is otherwise provided by insurance coverage, the City shall indemnify to the extent permitted by law, and provide the public official or employee of the City with such legal defense, together with expenses incident thereto.

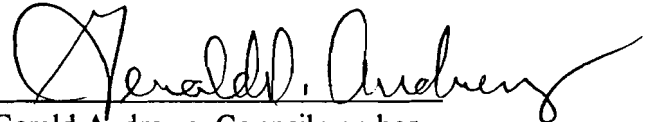
(d) If damages are recovered by the party bringing the suit in the nature outlined in Subsections (a), (b) and (c) of this section, and if such recovery stems from the performance of duties which is imposed upon such public official by law or by order of the City Council, or the Board, or the employee becomes personally liable for the payment of damages because of the good faith performance of his official duties or duties within the course and scope of his employment, the City Council shall authorize the payment of such damages on behalf of such public official or public employee from the city treasury, provided such action on the part of the City Council is authorized under the constitution and laws of the state. This section shall not apply to action for damages which are covered by insurance coverage of the employee, the City, the Board, board member or public official.

ARTICLE FOURTEEN

The City has specifically authorized the Corporation by ordinance to act on its behalf to further the public purposes stated in said ordinance and in these Articles of Incorporation, and the City has by said ordinance approved these Articles of Incorporation. A copy of said ordinance is on file among the permanent records of the City and the Corporation.


Doris Williams, Mayor

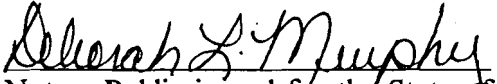

Jim Martin, Councilmember


Gerald Andrews, Councilmember

THE STATE OF TEXAS §

COUNTY OF BRAZORIA §

I, the undersigned, a Notary Public of the State of Texas, do hereby certify that on this 20th day of June, 1995 personally appeared before me Doris Williams, Jim Martin, Gerald Andrews, who, each being by me first duly sworn, severally declared that they are the persons who signed the foregoing document as incorporators, and that the statements therein contained are true and correct.


Notary Public in and for the State of
Texas

**BYLAWS OF
LAKE JACKSON DEVELOPMENT CORPORATION**

ARTICLE I

PURPOSE AND POWERS

Section 1. Purpose. The Corporation is incorporated for the purposes set forth in Article Four of its Articles of Incorporation, the same to be accomplished on behalf of the City of Lake Jackson, Texas (the "City") as its duly constituted authority and instrumentality in accordance with the Development Corporation Act of 1979, as amended, Article 5190.6, Vernon's Ann. Civ. St., as amended, (the "Act"), and other applicable laws.

Section 2. Power. In the fulfillment of its corporate purpose, the Corporation shall be governed by Section 4B of the Act, and shall have all the powers set forth and conferred in its Articles of Incorporation, in the Act, and in other applicable law, subject to the limitations prescribed therein and herein and to the provisions thereof and hereof.

ARTICLE II

BOARD OF DIRECTORS

Section 1. Powers, Number and Term of Office. (a) The property and affairs of the Corporation shall be managed and controlled by a Board of Directors (the "Board") and, subject to the restrictions imposed by law, by the Articles of Incorporation, and by these Bylaws, the Board shall exercise all of the powers of the Corporation.

(b) The Board shall consist of seven (7) directors, each of whom shall be appointed by the City Council (the "City Council") of the City. Each director shall occupy a place (individually, the "Place" and collectively, the "Places") as designated herein. Places 1-3 are designated for Council member directors and Places 4-7 are designated for Citizen member directors.

(c) The directors constituting the first Board shall be those directors named in the Articles of Incorporation. Successor directors shall have the qualifications, shall be of the classes of directors, and shall be appointed to the terms set forth in the Articles of Incorporation.

(d) Any director may be removed from office by the City Council at will.

Section 2. Open Meetings Act. All meetings and deliberations of the Board shall be called, convened, held, and conducted, and notice shall be given to the public, in accordance with the Texas Open Meetings Act; Chapter 551, Tex. Gov't. Code. The Directors shall hold their regular meetings at the principal office of the Corporation (25 Oak Drive, Lake Jackson, Texas).

Section 3. Quorum. A majority of the directors shall constitute a quorum for the conduct of the official business of the Corporation. The act of a majority of the directors present at a meeting at which a quorum is in attendance shall constitute the act of the Board and of the Corporation, unless the act of a greater number is required by law.

Section 4. Conduct of Business. (a) At the meetings of the Board, matters pertaining to the business of the corporation shall be considered in accordance with rules of procedure as from time to time prescribed by the Board.

(b) At all meetings of the Board, the chairman of the board shall preside.

(c) 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.

Section 5. Committees of the Board. The Board may designate two (2) or more directors to constitute an official committee of the Board to exercise such authority of the Board as may be specified in the resolution. It is provided, however, that all final, official actions of the Corporation may be exercised only by the Board. Each committee so designated shall keep regular minutes of the transactions of its meeting and shall cause such minutes to be recorded in books kept for that purpose in the principal office of the Corporation.

Section 6. Compensation of Directors. Directors shall not receive any salary or compensation for their services as directors. However, they shall be reimbursed for their actual expenses incurred in the performance of their official duties as directors as budgeted.

ARTICLE III

OFFICERS

Section 1. Titles and Term of Office. (a) The officers of the Corporation shall be a chairman of the board of directors, a president, a vice president, a secretary and a treasurer, and such other officers as the Board may from time to time elect or appoint. Terms of office shall be two (2) years with the right of an officer to be reelected. One of the three Council members shall be the chairman of the Board, the chairman will preside at board meetings.

(b) All officers shall be subject to removal from office at any time by a vote of a majority of the City Council.

(c) A vacancy in the office of any officer shall be filled by a vote of a majority of the the City Council.

Section 2. Powers and Duties of the President. The president shall be the chief operating executive officer of the Corporation, and, subject to the paramount authority of the Board, the president shall be in general charge of the properties and affairs of the Corporation, and execute all contracts, conveyances, franchises, bonds, deeds, assignments, mortgages, notes and other instruments in the name of the Corporation. The City Manager of the City of Lake Jackson shall be president, but shall be a non voting member.

Section 3. Vice President. The vice president shall have such powers and duties as may be prescribed by the Board and shall exercise the powers of the president during that officer's absence or inability to act, in their respective order. 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 does not have voting powers. The Assistant City Manager shall be the vice president.

Section 4. Treasurer. The treasurer shall be the Financial Officer of the City, and shall have the responsibility to see to the handling, custody, and security of all funds and securities of the Corporation in accordance with these bylaws. All checks for collection or issuance by the Corporation shall be signed the Mayor and City Manager, acting as members on behalf of the Corporation. The treasurer shall see to the entry in the books of the Corporation full and accurate accounts of all monies received and paid out on account of the Corporation. The treasurer shall, at the expense of the Corporation, give such bond for the faithful discharge of his duties in such form and amount as the Board or the City Council may require. The Treasurer does not have voting powers. The Director of Finance of the City shall be the treasurer.

Section 5. Secretary. The secretary shall keep the minutes of all meetings of the board in books provided for that purpose, shall give and serve all notices, may sign with the president in the name of the Corporation, and/or attest the signature thereto, all contracts, conveyances, franchises, bonds, deeds, assignments, mortgages, notes and other instruments of the Corporation, shall have charge of the corporate books, records, documents and instruments, except the books of account and financial records and securities, and such other books and papers as the Board may direct, all of which shall at all reasonable times be open to public inspection upon application at the office of the Corporation during business hours, and shall in general perform all duties incident to the office of secretary subject to the control of the Board. The Secretary does not have voting powers. The City Secretary shall be the secretary.

Section 6. Any assistant treasurer and any assistant secretaries may, at the option of the Board, be employees of the City and the legal counsel shall be the City Attorney for the City and he shall designate any other attorney needed by the Corporation.

Section 7. Compensation. Officers who are members of the Board shall not receive any salary or compensation for their services, except that they shall be reimbursed for their actual expenses incurred in the performance of their official duties as officers as budgeted.

ARTICLE IV

FUNCTIONAL CORPORATE DUTIES AND REQUIREMENTS

Section 1. Lake Jackson Development Corporation Plan. (a) It shall be the duty and obligation of the Board, in coordination with the necessary contracting parties to finance the Lake Jackson Development Corporation Plan which is to be adopted by the Lake Jackson Development Corporation subject to approval or disapproval by City Council.

(b) In carrying out its obligations under subsection (a), the Corporation shall be authorized to exercise all rights and powers granted under the act, including, but not limited to Section 4B thereof.

(c) The Board shall submit bi-monthly reports to the City Council as to the status of its activities in carrying out its obligations under this Section.

(d) Any and all agreements between the Corporation and other parties shall be authorized, executed, approved, and delivered in accordance with applicable law.

Section 2. Annual Corporate Budget. Prior to the commencement of each fiscal year of the Corporation, the Board shall adopt a proposed budget of expected revenues from sources set out in Section 5 of this article and proposed expenditures for the next ensuing fiscal year. The budget shall contain such classifications and shall be in such form as may be prescribed from time to time by the City Council. The budget shall not be effective until the same has been approved by the City Council.

Section 3. Books, records, audits. (a) The Corporation shall keep and properly maintain, in accordance with generally accepted accounting principles, complete books, records, accounts, and financial statements pertaining to its corporate funds, activities, and affairs.

(b) At the direction of the City Council, the books, records, accounts, and financial statements of the Corporation may be maintained for the Corporation by the accountants, staff and personnel of the City.

(c) The Corporation, or the City if the option described in subsection (b) is selected, shall cause its books, records, accounts, and financial statements to be audited at least once each fiscal year by an outside, independent, auditing and accounting firm selected by the City Council.

Section 4. Deposit and Investment of Corporate Funds. (a) All proceeds from loans or from the issuance of bonds, notes, or other debt instruments ("Obligations") issued by the Corporation shall be deposited and invested as provided in the resolution, order, indenture, or other documents authorizing or relating to their execution or issuance.

(b) Subject to the requirements of contracts, loan agreements, indentures or other agreements

securing Obligations, all other monies of the Corporation, if any, shall be deposited, secured, and/or invested in the manner provided for the deposit, security, and/or investment of the public funds of the City by the Financial Officer of the City. The Board shall use the depositories of the City, and the methods of withdrawal of funds therefrom for use by and for the purposes of the Corporation upon the signature of its president and the Chairman of the Board. The accounts, reconciliation, and investment of such funds and accounts shall be performed by the Department of Finance of the City.

Section 5. Expenditures of Corporate Money. The sales and use taxes collected pursuant to Section 4B of the Act and the proceeds from the investment of funds of the Corporation, the proceeds from the sale of property, and the proceeds derived from the sale of Obligations, may be expended by the Corporation for payment of the costs of land, buildings, equipment, facilities, improvements and maintenance and operation costs for public park purposes, recreational facilities and for infrastructure improvements for development of new or expanded business enterprises, subject to the following limitations:

- (I) Expenditures that may be made from a fund created with the proceeds of Obligations, and expenditures of monies derived from sources other than the proceeds of Obligations may be used for the purpose of financing or otherwise providing one or more "Projects," as defined in Section 4B of the act, but only to the extent such purpose has been approved by the voters at an election held in accordance with Section 4B of the Act. Appendix A provides a list of prohibited uses of half-cent sales tax proceeds;
- (ii) Expenditures of proceeds for the purpose of development of new or expanded business enterprises is limited to the installation of infrastructure.
- (iii) All other proposed expenditures shall be made in accordance with and shall be set forth in the annual budget required by Section 2 of this Article or in contracts meeting the requirements of Section 1(d) of this Article;
- (iv) Public hearing requirements for additional projects: Notice of a public hearing by the Corporation to consider funding of a proposed project shall be given by publication in the official paper of the City of Lake Jackson once a week for three (3) consecutive weeks. Such notice shall state the time, place and nature of such public hearing and shall not be held earlier than (15) days from the date of the first publication of said notice;
- (v) The Corporation is required to have one (1) public hearing on all projects with estimated costs of \$500,000 or less;
- (vi) The Corporation is required to have two (2) public hearings on all projects with estimated costs of over \$500,000;

- (vii) The principal, interest and maturity dates of bonds issued for projects approved by the Corporation must be reported to the Citizens of Lake Jackson once a year.

Section 6. Issuance of Obligations. No Obligations, including refunding Obligations, shall be delivered by the Corporation unless the City Council shall have approved the issuance and sale of such Obligations.

ARTICLE V

PROCEDURE FOR PROJECT APPROVAL

Projects shall be submitted and approved in accordance with the project approval process chart exhibited in the flow chart attached hereto as Appendix B.

ARTICLE VI

MISCELLANEOUS PROVISIONS

Section 1. Principal Office. (a) The principal office and the registered office of the Corporation shall be the registered office of the Corporation specified in the Articles of Incorporation.

(b) The Corporation shall have and shall continually designate a registered agent at its registered office, as required by the Act.

Section 2. Fiscal Year. The fiscal year of the Corporation shall be the same as the fiscal year of the City.

Section 3. Seal. The seal of the Corporation shall be determined by the Board.

Section 4. Resignations. Any directors or officers may resign at any time. Such resignation 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 resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

Section 5. Approval or Advice and Consent of the City Council. To the extent that these bylaws refer to any approval by the City or refer to advice and consent by the Council such advice and consent shall be evidenced by a certified copy of a resolution, order or motion duly adopted by the City Council.

Section 6. Services of City Staff and Officers. Subject to the paramount authority of the City Manager under the Charter of the City, the Corporation shall have the right to utilize the services and the staff and employees of the City, provided (i) that the Corporation shall pay reasonable compensation to the City for such services, and (ii) the performance of such services does not materially interfere with the other duties of such personnel of the City.

Section 7. Indemnification of Directors, Officers and Employees. (a) As provided in the Act and in the Articles of Incorporation, the Corporation is, for the purposes of the Texas Tort Claims act (Subchapter A, Chapter 101, Texas Civil Practices and Remedies Code), a governmental unit and its actions are governmental functions.

(b) The Corporation shall indemnify each and every member of the Board, its officers, and its employees, and each member of the City Council and each employee of the City, to the fullest extent permitted by law, against any and all liability or expense, including attorneys fees, incurred by any of such persons by reason of any actions or omissions that may arise out of the functions and activities of the Corporation. The attorney for the Corporation is authorized to provide a defense for members of the Board, officers and employees of the Corporation, and hire such attorneys and experts as needed for the defense.

ARTICLE VI

EFFECTIVE DATE, AMENDMENTS

Section 1. Effective Date. These Bylaws shall become effective upon the occurrence of the following events:

- (1) the approval of these Bylaws by the City Council; and
- (2) the adoption of these Bylaws by the Board.

Section 2. Amendments to Articles of Incorporation and Bylaws. The Articles of Incorporation of the Corporation and these Bylaws may be amended only in the manner provided in the Articles of Incorporation and the Act.

APPENDIX A
PROHIBITED USES OF PROCEEDS

BUSINESS ATTRACTION

Promotion, Advertising, Marketing
Support of Industrial Foundation
Target Marketing
Marketing Studies
Travel to Attract New Businesses
Trade Shows
Highway Signs/Billboards

BUSINESS RETENTION/EXPANSION/FORMATION

Small Business Development Center
Revolving Loan Funds
Loan Guarantees
Loan or Interest Forgiveness or Write-down
Incubator Program
Enterprise Zone Establishment
Direct Grants
Trash Compactor

LAND/BUILDING PURCHASE, LEASE, UPGRADE

Land Purchase for Industrial Park
Building that Houses Incubator and/or Day Care Center
Land for Correctional Facilities
Land to Expand Airport

TRAINING/EDUCATION

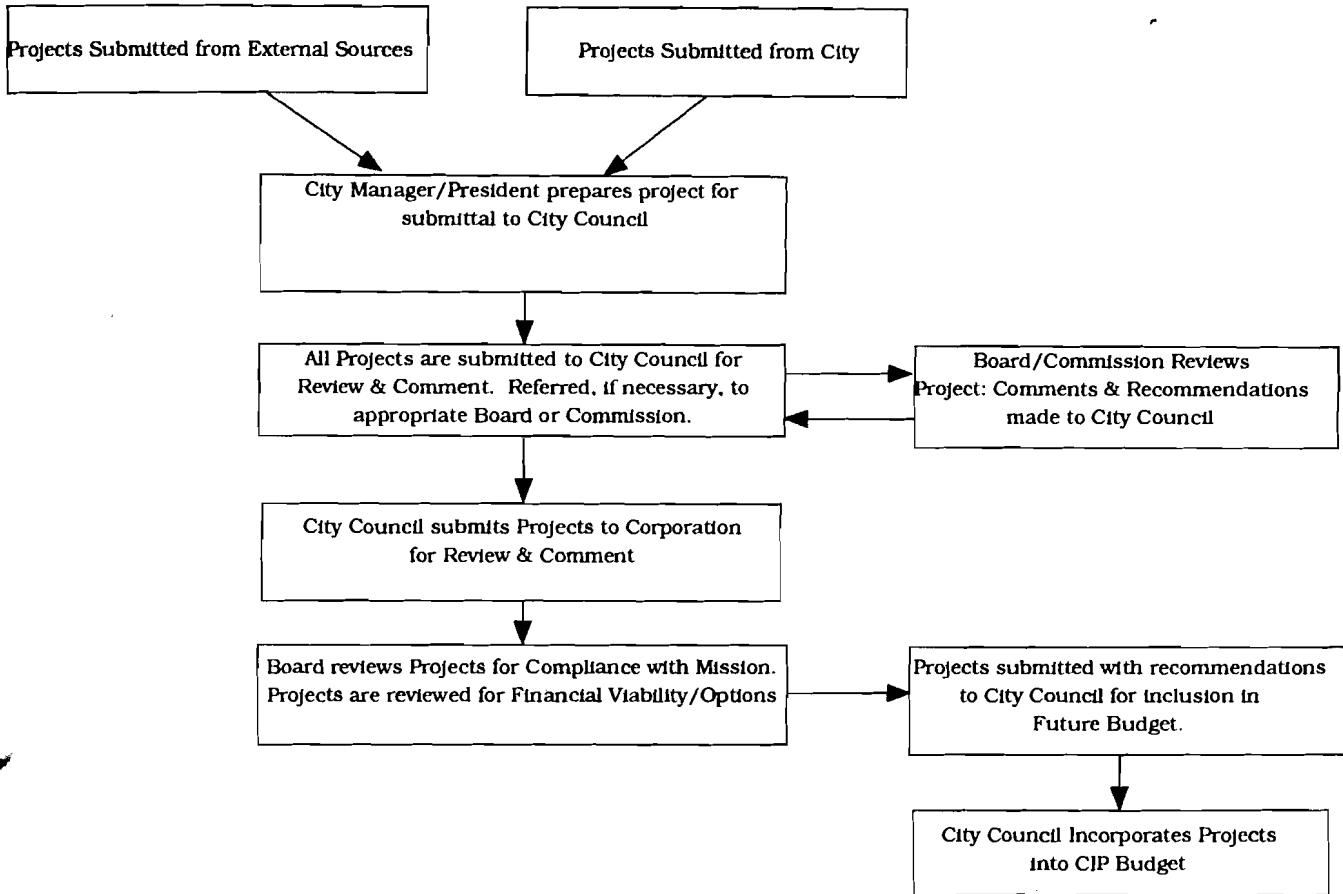
Job Training for Specific Company
JTPA Supplemental Funding
Purchase Computer Equipment for Vocational Training Program

OTHER

Development of Data Base
Matching Grant to Goodwill Industries

Appendix B

Half Cent Economic Development Project Approval Process





COMPTROLLER OF PUBLIC ACCOUNTS
STATE OF TEXAS
AUSTIN, 78774

August 11, 1995



Modesto Mundo
City of Lake Jackson
25 Oak Dr.
Lake Jackson, TX 77566-5289

Dear Modesto Mundo:

I am happy to report that Lake Jackson Development Corporation, Taxpayer Number 3-01178-6993-0, qualifies for exemption from the state franchise tax as a Section 171.074 organization effective June 23, 1995. Since the account is in the process of being updated, you should disregard any franchise tax notices for periods covered by the exemption. In the event we have reason to believe the organization no longer qualifies for exemption, we will notify the registered agent that the exempt status is under review.

This corporation also qualifies for exemption from the Texas limited sales, excise and use tax as an Article 5190.6 organization effective the date of this letter. It may issue an exemption certificate in lieu of the state and local sales tax on taxable items if they relate to the purpose of the exempt organization and are not used for the personal benefit of a private stockholder or individual. The enclosed certificate does not require a number to be valid, and you may reproduce it in any quantity.

If your organization makes any sales of taxable items or services, please contact our Tax Assistance Section at 1 (800) 252-5555 to determine if a sales tax permit is needed. The regular number is (512) 463-4600.

The organization must notify the Secretary of State if it changes its name, registered agent, or registered office address.

If you have any questions, please call me toll free at 1 (800) 531-5441, ext. 5-9704. The regular number is (512) 305-9704.

Sincerely,

Janice Womack
Exempt Organizations Section

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