

**BYLAWS**

**of**

**NASA-CLEAR LAKE CONVENTION AND VISITORS BUREAU  
(BAY AREA HOUSTON CONVENTION AND VISITORS BUREAU)**

**A Texas Non-Profit Corporation**

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**A Texas Non-Profit Corporation**

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**BYLAWS**  
**OF**  
**NASA-CLEAR LAKE CONVENTION AND VISITORS BUREAU**

**ARTICLE I.**

**NAME**

The name of this corporation (the “Corporation”), as stated in its Articles of Incorporation, is NASA-CLEAR LAKE CONVENTION AND VISITORS BUREAU, doing business as Bay Area Houston Convention & Visitors Bureau.

**ARTICLE II.**

**PURPOSES**

The Corporation is organized exclusively for charitable, literary and educational purposes, within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), including the following specific purposes:

- (a) Develop and implement a public relations and marketing campaign (the “Marketing Campaign”) to promote the member cities in the Bay Area Houston region partly in Harris County and partly in Galveston County, Texas, Houston and surrounding region. The current members are the cities of Houston, Nassau Bay, League City, Kemah, and Seabrook. That membership may expand or contract by majority vote of the Board;
- (b) Provide oversight and administration for the Marketing Campaign;
- (c) Cultivate, promote, foster, sponsor, and develop public and private resources for the implementation of the Marketing Campaign;
- (d) Cultivate, promote, foster, sponsor, and develop among the general public an appreciation and understanding of the tourism and hospitality industry and its economic impact, educational, social, and cultural advantages of, and opportunities in, the Bay Area Houston region;
- (e) Accept and receive funds, consisting of locally collected hotel occupancy tax revenues (per State of Texas legislative code), contributions, gifts, bequests, devises and grants to the Corporation, to accomplish the purposes described in subparagraphs a through d above of this Article II;

- (f) Exercise all of the powers of a Texas non-profit corporation to the fullest extent allowable under Texas law in accomplishing the purposes set forth in subparagraphs a through e above of this Article II; and
- (g) Member city investment to be equal percentage of city's HOT revenue for each member city

Notwithstanding any other provision of these Bylaws, the Corporation shall not carry on any activities not permitted to be carried on (i) by a corporation exempt from income tax under Section 501(c)(3) of the Code or corresponding provisions of any subsequent federal tax laws, or (ii) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Code, or corresponding provisions of any subsequent federal tax laws.

### **ARTICLE III.**

#### **MEMBERS**

The Corporation shall have no members except the member cities named herein or added hereafter.

### **ARTICLE IV.**

#### **BOARD OF DIRECTORS**

**Section 4.1 Powers and Number.** The property and affairs of the Corporation shall be managed and controlled by a Board of Directors (the "Board") consisting of three representatives per participating member city and up to three hospitality/travel industry professionals appointed by the current executive officers of the board. The board shall expand or contract by a number equal to three members/directors per member city in good standing plus the additional directors appointed by the executive committee. Subject to the restrictions imposed by law and the Articles of Incorporation or these Bylaws, the Board shall exercise all of the powers of the Corporation. All directors of the Corporation ("Director" or "Directors") shall serve until their successors are duly nominated and elected or until their death, resignation or removal as provided in these Bylaws. The Board shall determine the manner of funding the operations of the Corporation and the limits or constraints on administrative spending. One of the three representatives to the board by each city shall be a hospitality industry professional.

**Section 4.2** The number of Directors may be increased or decreased (provided that such decrease does not have the effect of shortening the term of any incumbent Director) from time to time by an amendment to these Bylaws approved by the affirmative vote of a majority of the Directors qualified and serving on the Board.

**Section 4.3 Term of Office.** Directors shall serve for a term of three (3) years or until his or her successor is nominated and elected by position to the Board in accordance with these

Bylaws. Subsequent Directors shall be elected by position to the Board as provided in Section 4.4 below.

***Section 4.4 Qualification, Nomination and Election.*** To be qualified to serve as a Director, a person must be at least eighteen (18) years old. Prior to the expiration date of the term of office of a member of the Board, or promptly after a vacancy occurs on the Board (whether due to increase in the number of Directors, death, resignation, removal or other cause), the member city may fill the vacancy at such position on the Board for the remaining term, by nominating a representative by whatever method is customarily used in that city for the filling of vacancies on boards such as this board.

***Section 4.5 Removal.*** Any Director may be removed from office at any time, with or without cause, by the vote of a simple majority of the directors qualified and serving on the Board or by whatever method is customarily used in that member city for removing their representatives on boards such as this. Any Director with more than three unexcused absences per fiscal year may be removed from office at the discretion of the board. The office of any Director who became a member of the Board as a city council member and who has not been re-appointed as a non-council member, after vacating the council office position, shall be automatically vacated in the Board member position and the vacancy shall be filled by the applicable methods customarily used in that city. Nothing herein shall disqualify a former council member from eligibility for appointment to the Board.

***Section 4.6 Meetings of Directors.*** The Directors may hold their meetings, and may have an office and keep the books of the Corporation, at such place or places 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 Corporation in the State of Texas.

***Section 4.7 Annual Meetings.*** An annual meeting is not required, but, if deemed advisable, the annual meeting of the Board shall be held at the time and location designated by the resolution of the Board for the purposes of transacting such business as may be brought before the meeting.

***Section 4.8 Regular Meetings.*** A minimum of *four* regular meetings of the Board shall be held each fiscal year at such times and places as shall be designated, from time to time, by resolution of the Board. Such meetings shall be open to the public save and except those meetings or portions of meetings deemed necessary by the board to be conducted in executive session. The Chairperson of the Board and the Secretary shall craft the agenda for a meeting and circulate same with the meeting notice. Any two members of the Board may initiate a matter for inclusion on the meeting agenda prior to the mailing of the notice; or if the agenda has been mailed, any member whose motion is seconded, may recommend a matter for the next agenda if a majority of the Board votes for its inclusion. Any such recommendation for inclusion as an agenda item must be received by the Chairperson or the Secretary at least 4 days prior to the meeting. Any matter enjoying unanimous consent of all voting members may be considered at any time at any meeting, regardless of the form of or lack of notice. The board reserves the right to convert any agenda item into an executive session item by majority vote of the board in open

session if the item was not posted as an executive session matter.

***Section 4.9 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 elected terms of office at the time the meeting is called. Special and emergency meetings can be held by electronic means or conference call.

***Section 4.10 Notice of Meetings.*** At least three (3) days before any annual, regular or special meeting of the Board, the Secretary shall give each Director notice of the date, time and place of such meeting in person or by telephone, telecopy, electronic mail or mail. At least twenty-four (24) hours before any emergency meeting of the Board, the Secretary shall give each Director notice of the date, time and place of such meeting in person or by telephone, telecopy, electronic mail or mail. If the meeting is called by a majority of the Directors who are serving duly elected terms of office at the time the meeting is called, such Directors shall mail written notice of the date, time and place of such meeting to the Chairperson of the Board and the Secretary at least ten (10) days before any such meeting of the Board. All matters pertaining to the purposes of the Corporation may be considered and acted upon at any meeting of the Directors; provided, however, that express notice must be given of any proposed action (i) to remove a Director or an officer, (ii) to amend the Articles of Incorporation or Bylaws of the Corporation, (iii) to approve the budget of the Corporation, (iv) to elect Directors, (v) to elect an officer of the Corporation, (vi) to liquidate or dissolve the Corporation or merge or consolidate the Corporation with or into another corporation where the Corporation is not the surviving entity, or (vii) to sell, lease or exchange all or substantially all of the assets of the Corporation. At any regular or special meeting in which every Director shall be present, even though without any notice, any matter pertaining to the purposes of the Corporation may be considered and acted upon. The Corporation is not a governmental body, as defined in the Texas Open Meetings Act, § 551.001, et. seq. Texas Government Code, and the Board is not subject to the Texas Open Meetings Act. Failure to comply with this Section 4.10 of these Bylaws shall not create a cause of action in any person who is not a Director qualified and serving on the Board. The provisions of this Section 4.10 shall not limit the power of the Board to take action without a meeting, as provided in Section 4.15 below.

***Section 4.11 Quorum.*** A simple majority of qualified Directors serving on the Board shall constitute a quorum for the consideration of matters pertaining to the purposes of the Corporation. Directors present by proxy may be counted toward a quorum and will be counted as present for all voting and other purposes. 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.

***Section 4.12 Voting and Consent Requirements.*** The act of a majority of the Directors present in person or by proxy at a meeting at which a quorum is in attendance shall constitute the act of the Board, unless the act of a greater number of Directors is required by law, by the Articles of Incorporation or by these Bylaws. In addition to being approved at a meeting of the Board, pursuant to the preceding sentence, the affirmative consent of a simple majority of Directors qualified and serving on the Board is required for action (i) amending these Bylaws,



(ii) increasing or decreasing the size of the Board, (iii) liquidating or dissolving the Corporation or merging or consolidating the Corporation with or into another corporation where the Corporation is not the surviving entity, or (iv) selling, leasing or exchanging all or substantially all of the assets of the Corporation. The consent of any Director to the action of the Corporation described in this Section may be given by his or her affirmative vote at a meeting of the Board or may be given in by proxy if a Director is not going to be present at the Board meeting at which the matter is to be considered.

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 Corporation immediately after adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of the action.

**Section 4.13 Proxies.** Any Director of the Corporation may vote in person or by proxy executed in writing by the Director for each meeting. No proxy shall be valid after three (3) months from the date of its execution. Each Proxy shall be revocable unless expressly provided therein to be irrevocable, and unless otherwise made irrevocable by law. A printed electronic mail message or similar, reproduction of a writing by a Director, shall be treated as an execution in writing or given by proxy for purposes of this Section. Said proxies shall be delivered to the Chairperson of the meeting prior to commencement of the meeting and shall be cast by the Director named to hold the proxy.

**Section 4.14 Conduct of Business at the Meetings of the Board.** At the meetings of the Board, matters pertaining to the purposes of the Corporation shall be considered in such order as from time to time the Board may determine. At all meetings of the Board, the Chairperson of the Board shall preside, and in the absence of the Chairperson, the Vice-Chairperson of the Board shall preside. In the absence of the Chairperson and the Vice-Chairperson, a presiding officer shall be chosen by the Board from among the Directors present.

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. The presiding officer may appoint any person to act as recorder of the meeting.

**Section 4.15 Action Without a Meeting by Directors or Committees.** Any action required by law or the Bylaws to be taken at a meeting of the Board, or any action which may be taken at a meeting of the Board or any committee thereof, may be taken without such a meeting if a consent in writing, setting forth the action to be taken, shall be signed by all of the Directors, or all of the members of the committee, as the case may be. A printed electronic mail message or similar transmission by a Director or member of a committee or facsimile, or similar reproduction of a writing signed by a Director or a member of a committee shall be regarded as signed by the Director or member of a committee for purposes of this Section.

**Section 4.16 Telephone Meetings.** Subject to the provisions required by these Bylaws

for notice of meetings, members of the Board or members of any committee designated by the Board may participate in and hold a meeting of the Board, or such committee, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section shall constitute presence in person at such meeting.

***Section 4.17 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 the Board from (i) determining that a Director or a business entity with which a Director is affiliated may receive compensation in a reasonable amount for such personal services rendered (other than services rendered in his or her capacity as a Director) which are reasonable and necessary in carrying out the Corporation's purposes or (ii) adopting and implementing such policies as the Board shall determine are appropriate regarding the reimbursement of Directors for reasonable out-of-pocket expenses directly related to the business of the Board.

***Section 4.18 Ex-Officio Directors.*** The Board may approve ex-officio Directors who are, in the judgment of the Board, qualified to advise with respect to the activities of the Corporation. Ex-officio Directors shall serve for a term of one (1) year or such longer term as may be fixed by the Board. Ex-officio Directors may be removed by the Board at any time with or without cause. The number of ex-officio Directors shall be fixed from time to time by the Board. The officers and Directors of the Corporation may consult with the ex-officio Directors from time to time with respect to the activities of the Corporation but the ex-officio Directors shall in no way restrict the powers of the Board nor limit its responsibilities or obligations. The ex-officio Directors shall have no responsibility for the management of the affairs of the Corporation. Ex-officio Directors shall not receive any salary or compensation for their services as ex-officio Directors; provided, that nothing contained herein shall be construed to preclude the Board from determining that an ex-officio Director or a business entity with which an ex-officio Director is affiliated may receive compensation in a reasonable amount for such personal services rendered (other than services rendered in his other capacity as an ex-officio Director) which are reasonable and necessary in carrying out the Corporation's purposes.

***Section 4.19 Director's Reliance on Consultant Information.*** A Director shall not be liable if while acting in good faith and with ordinary care, he/she relies on information, opinions, reports, or statements, including financial statements and other financial data, concerning the Corporation or another person that were prepared or presented by:

- (a) one or more other officers or employees of the Corporation;
- (b) legal counsel, public accountants, or other persons as to matters the Director 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.

***Section 4.20 Proposed Budget.*** A proposed budget shall be presented by the President on

or before the 15<sup>th</sup> day of August of each calendar year and shall be adopted as amended on or before the 1<sup>st</sup> day of October of each year.

**Section 4.21 Marketing Committee.** A Marketing Committee may be appointed by the Board if deemed advisable.

## **ARTICLE V.**

### **NOMINATING, AUDIT AND OTHER COMMITTEES**

**Section 5.1 Committees of the Board - General.** The Board may, by resolution passed by the Board, designate Directors to constitute committees of the Board deemed appropriate or necessary by the Board. To the extent provided in the authorizing resolution or in these Bylaws, a committee of the Board shall have and may exercise all of the authority of the Board in the management of the Corporation, except where contrary to the provisions of the Articles of Incorporation. A committee of the Board 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 Corporation, 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 meetings in the manner required under the first sentence of Section 4.10 hereof for a meeting of the Board.

**Section 5.2 Nominating Committee.** A Nominating Committee shall not be required to name members of the board of directors since the members of the board are selected by the member cities. However, the Board shall select its own officers and may use a nominating committee for that purpose.

It may be the responsibility of the Nominating Committee to prepare a slate of nominees for election as Officers and Advisory Directors for election by the Board.

**Section 5.3 Audit Committee.** The Audit Committee of the Corporation shall consist of three (3) or more persons appointed by the Board, the majority of whom must be Directors; however, neither the Treasurer nor any member of the Finance Committee (if such committee shall have been established by the Board) shall serve on the Audit Committee. The Audit Committee shall be responsible for a review of the financial results of the Corporation with the independent accountants. The Audit Committee shall recommend to the Board each year the engagement of a firm of independent auditors for the Corporation; review periodically with the Corporation's independent auditors the principal accounting policies of the Corporation; and conduct, from time to time, or cause to be conducted, such investigations or inquiries relating to accounting, audit or program compliance matters as the facts presented to the Audit Committee warrant and as the Audit Committee may deem necessary or appropriate in the interest of the Corporation. Meetings may be held upon one (1) day's prior written or oral notice to each member of the Audit Committee. A majority of the Audit Committee members who are present in person at any Audit Committee meeting shall constitute a quorum and the act or majority of

those present at any meeting at which a quorum is present shall be the act of the Audit Committee. See section 9.7 concerning an annual audit.

***Section 5.4 Other Committees.*** The Board may, from time to time, provide for the appointment of such other committees that do not exercise the authority of the Board, as the Board deems necessary and such committees may have such powers as the Board may determine and specify in the resolutions creating such additional committees. Membership on such committees may, but need not, be limited to Directors.

## **ARTICLE VI.**

### **OFFICERS AND STAFF**

#### **OFFICERS**

***Section 6.1 Titles and Term of Office.*** The officers of the Corporation shall be a Chairperson of the Board, a Vice-Chairperson of the Board, a Secretary, a Treasurer, and such other officers and assistant officers as the Board may from time to time elect or appoint. Such other officers and assistant officers shall have such authority and responsibilities as are assigned to them by the Board. One person may hold more than one office. Each subsequent officer shall serve for a term of two (2)-years. In any event, a duly appointed officer shall serve in the office to which he or she is appointed until his or her respective successor shall have been appointed and qualified. All of the officers shall be members of the Board. Officers must be elected or appointed at a meeting of the Board by the affirmative vote of the Board.

***Section 6.2 Removal and Vacancies.*** All officers shall be subject to removal, with or without cause, at any time by a vote of a  $\frac{3}{4}$  supermajority of the Board. A vacancy in the office of any officer shall be filled by a vote of the Board.

***Section 6.3 Powers and Duties of the Chairperson.*** The Chairperson of the Board shall be a member of the Board and shall preside at all meetings of the Board. He or she shall have such powers and duties as may be prescribed from time to time by the Board. The Chairperson may call special or emergency meetings of the Board.

***Section 6.4 Powers and Duties of the Vice-Chairperson.*** The Vice-Chairperson shall be a member of the Board and shall have such powers and duties as may be prescribed from time to time by the Board. The Vice Chairperson shall also perform the duties and exercise the powers of the Chairperson of the Board 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 6.5 Powers and Duties of the Secretary.*** The Secretary shall keep the minutes of all meetings of the Board and any committee thereof in books provided for that purpose; he or

she shall attend to the giving and serving of all notices and shall keep the rolls of the membership of the Board; he or she shall be custodian of the seal of the Corporation and shall have charge of the books and records of the Corporation, except books of account and financial records (of which the Treasurer shall have charge) and such other books and papers as the Board may direct, all of which shall at reasonable times be open to the inspection of any Director upon application at the offices of the Corporation during business hours; and he or she shall, in general, perform all duties incident to the office of Secretary, subject to the control of the Board of Directors.

***Section 6.6 Powers and Duties of the Treasurer.*** The Treasurer of the Corporation shall have general supervision over the maintenance of accurate financial records of the Corporation; shall have charge and custody of and be responsible for all funds of the Corporation; shall direct the receipts and give receipts for monies due and payable to the Corporation from any source whatsoever, and shall deposit or direct deposits of all such monies in the name of the Corporation in such banks, savings and loan associations, trust companies or other depositories as shall be selected by the Corporation; and he or she shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

***Section 6.7 Compensation.*** No officers shall be entitled to receive any salary. They may be entitled to receive compensation for personal services which are necessary and reasonable in carrying out the Corporation's purposes as the Board may from time to time determine, provided, that in no event shall the compensation be excessive. No such policy is to be in effect unless and until acted upon by resolution of the Board. Board members, even if officers, are not entitled to compensation except as otherwise provided in 4.17.

***Section 6.8 Officer's Reliance on Consultant Information.*** In the discharge of a duty imposed or power conferred on an officer of the Corporation, 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 Corporation or another person that were prepared or presented by:

- (a) one or more officers or employees of the Corporation, 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.

## **STAFF**

***Section 6A.1. Selection of Staff.*** Subject to the approval of the Board, the Chairperson of the Board shall hire and supervise a paid President/chief executive officer of the organization, who shall be an employee, and who shall not be required to be a member of the board and who shall not be an "officer" hereunder. The President shall hire and supervise other staff. The President shall track appropriate metrics as required by the Board and, where appropriate, shall report same to the Board. The Board shall promulgate a Policy and Procedures Manual that shall

include minimum requirements for check writing authority and for the number of signatures required on checks at ascending levels of budgeted expenditures.

## **ARTICLE VII.**

### **INDEMNIFICATION OF DIRECTORS AND OFFICERS**

***Section 7.1 Right to Indemnification.*** Subject to the limitations and conditions as provided in this Article VII, 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, arbitral 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, Advisory Director or officer of the Corporation or while a Director, Advisory Director or officer of the Corporation is or was serving at the request of the Corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise shall be indemnified by the Corporation to the fullest extent permitted by the Texas Non-Profit Corporation Act, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment) against judgments, penalties (including excise and similar taxes and punitive damages), fines, settlements and reasonable expenses (including, without limitation, attorneys’ fees) actually incurred by such person in connection with such proceeding, and indemnification under this Article VII 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 VII shall be deemed contract rights, and no amendment, modification or repeal of this Article VII 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 VII could involve indemnification for negligence or under theories of strict liability.

***Section 7.2 Advance Payment.*** The right to indemnification conferred in this Article VII shall include the right to be paid or reimbursed by the Corporation the reasonable expenses incurred by a person of the type entitled to be indemnified under Section 7.1 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 Corporation of a written affirmation by such Director, Advisory 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 VII 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 VII or otherwise.

***Section 7.3 Indemnification of Employees and Agents.*** The Corporation, by adoption of a resolution of the Board, may indemnify and advance expenses to an employee or agent of the Corporation to the same extent and subject to the same conditions under which it may indemnify and advance expenses to Directors, Advisory Directors, and officers under this Article VII; and the Corporation may indemnify and advance expenses to persons who are not or were not Directors, Advisory Directors, officers, employees or agents of the Corporation but who are or were serving at the request of the Corporation as a director, officer, partner, 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 VII.

***Section 7.4 Appearance as a Witness.*** Notwithstanding any other provision of this Article VII, the Corporation may pay or reimburse expenses incurred by a Director, Advisory Director or officer in connection with his or her appearance as a witness or other participation in a proceeding at a time when he or she is not a named defendant or respondent in the proceeding.

***Section 7.5 Non-exclusivity of Rights.*** The right to indemnification and the advancement and payment of expenses conferred in this Article VII shall not be exclusive of any other right which a Director, Advisory Director or officer or other person indemnified pursuant to Section 7.3 may have or hereafter acquire under any law (common or statutory), provision of the Articles of Incorporation of the Corporation or these Bylaws, agreement, vote of disinterested Directors or otherwise.

***Section 7.6 Insurance.*** The Corporation may purchase and maintain insurance, at its expense, to protect itself and any person who is or was serving as a Director, Advisory Director, officer, employee or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic corporation, partnership, joint venture, proprietorship, employee benefit plan, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the Article VII.

***Section 7.7 Notification.*** Any indemnification of or advance of expenses to a Director, Advisory Director or officer in accordance with this Article VII shall be reported in writing to the members of the Board with or before the notice or waiver of notice of the next regular meeting of the Board or with or before the next submission to the members of the Board of a consent to action without a meeting pursuant to Section A, Article 1396-9.10 of the Texas Non-Profit Corporation Act and, in any case, within the 12-month period immediately following the date of the indemnification or advance.

***Section 7.8 Savings Clause.*** If this Article VII or any portion hereof shall be invalidated

on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify and hold harmless each Director, Advisory Director, officer or any other person indemnified pursuant to this Article VII 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 VII that shall not have been invalidated and to the fullest extent permitted by applicable law.

## **ARTICLE VIII.**

### **CODE OF ETHICS**

#### ***Section 8.1 Policy and Purposes.***

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

b. This Code of Ethics has been adopted as part of the Corporation's Bylaws for the following purposes: (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 8.2 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 of shares of the business entity or ownership of \$5,000 or more of the fair market value of the business entity, or (ii) if the business entity provides more than ten percent of the person's gross income. A person has a substantial interest in real property if the interest is an equitable or legal ownership with a fair market value of \$2,500.00 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 Bay Area Houston region or doing business with the Corporation will receive a similar pecuniary benefit.

d. An employee of a public entity may serve on the Board, but that public employee may not participate in the discussion or vote on any matter regarding assessments on or contracts with the public entity of which the Director is an employee.

**Section 8.3 Acceptance of Gifts.** No Director or officer shall accept any benefits as consideration for any decision, opinion, recommendation, vote or other exercise of discretion in carrying out official acts for the Corporation. No Director or officer shall solicit, accept, or agree to any benefit from a person known to be interested in or likely to become interested in any contract, purchase, payment, claim or transaction involving the exercise of the Director's or officer's discretion. As used here, "benefit" does not include:

- (a) a fee prescribed by law to be received by a Director or officer or any other benefit to which the Director or officer is lawfully entitled or for which he gives legitimate consideration in a capacity other than as a Director or officer;
- (b) a gift or other benefit conferred on account of kinship or a personal, professional, or business relationship independent of the official status of the Director or officer;
- (c) an honorarium in consideration for legitimate services rendered above and beyond official duties and responsibilities if:
  - (1) not more than one honorarium is received from the same person in a calendar year;
  - (2) not more than one honorarium is received for the same service; and
  - (3) the value of the honorarium does not exceed \$250.00 exclusive of reimbursement for travel, food, and lodging expenses incurred by the Director or officer in performance of the services;
- (d) a benefit consisting of food, lodging, transportation, or entertainment accepted as a guest and reported as may be required by law.

**Section 8.4 Bribery.** A Director or officer shall not intentionally or knowingly offer, confer or agree to confer on another, or solicit, accept, or agree to accept from another:

- (a) any benefit as consideration for the Director's or officer's decision, opinion, recommendation, vote, or other exercise of discretion as a Director or officer;

- (b) any benefit as consideration for the Director's or officer's decision, vote, recommendation, or other exercise of official discretion in a judicial or administrative proceeding; or
- (c) any benefit as consideration for a violation of a duty imposed by law on the Director or officer.

***Section 8.5 Nepotism.*** No Director or officer shall appoint, or vote for, or confirm the appointment to any office, position, clerkship, employment or duty with the Corporation, 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 IX.**

### **MISCELLANEOUS PROVISIONS**

***Section 9.1 Fiscal Year.*** The fiscal year of the Corporation shall be from October 1 of each year to September 30 of the following year or as subsequently determined by resolution of the Board.

***Section 9.2 Seal.*** The seal of the Corporation shall be such as from time to time may be approved by the Board.

***Section 9.3 Notice and Waiver of Notice.*** Whenever any notice whatever is required to be given under the provisions of these Bylaws, such notice shall be deemed to be sufficient if either (i) given by depositing the same in a post office box in a sealed postpaid wrapper addressed to the person entitled thereto at his or her post office address, as it appears on the books of the Corporation, and such notice shall be deemed to have been given on the day of such mailing or (ii) sent by electronic mail with transmission verified to the person entitled thereto at his or her telecopier number as it appears on the books of the Corporation, and such notice shall be deemed to have been given on the day on which it is transmitted. 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 9.4 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 Chairperson of the Board or Secretary. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

**Section 9.5 Gender.** References herein to the masculine gender shall also, refer to the feminine in all appropriate cases.

**Section 9.6 Appropriations and Grants.** The Corporation shall have the power to request and accept any appropriation, grant, contribution, donation, or other form of aid from the federal government, the State, any political subdivision, or municipality in the State, or from any other source.

**Section 9.7 Annual Audits.** An annual audit shall be conducted of the BAHCVB financial books. See section 5.3 for information on selection of Audit Committee members.

## **ARTICLE X.**

### **AMENDMENTS**

A proposal to alter, amend, or repeal these Bylaws shall be made by the affirmative vote of  $\frac{3}{4}$  of the Directors currently in office at any annual, regular, or special meeting if notice of the proposed amendment is contained in the notice of said meeting.

PASSED AND APPROVED THIS THE \_\_\_\_ DAY OF MAY, 2001.

AMENDED AND APPROVED THIS THE 12<sup>th</sup> DAY OF AUGUST, 2002.

AMENDED AND APPROVED THIS THE 20<sup>TH</sup> DAY OF SEPTEMBER 2002.

AMENDED AND APPROVED THIS THE 10<sup>TH</sup> DAY OF FEBRUARY 2011.

AMENDED AND APPROVED THIS THE 17<sup>TH</sup> DAY OF OCTOBER 2013.

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SECRETARY