

**BYLAWS OF THE
TEMPLE MEDICAL DISTRICT CORPORATION**

A Texas Non-Profit Local Government Corporation created by the Temple Health and
Bioscience Economic Development District (“**THBD**”).

**ARTICLE I
Corporate Purpose and Authority**

1.01 *Purpose.*

(a) The Corporation is organized for the purpose of aiding, assisting, and acting on behalf of THBD in the performance of its governmental functions as set forth in Special District Local Laws Code Chapter 3831, including, without limitation, the sale, purchase, development, redevelopment, and revitalization of real property to help promote, develop, encourage, and maintain employment, commerce, economic development and public facility development, specifically, in the health and bioscience industry, and to perform such other governmental purposes of THBD as may be determined from time to time by THBD’s Board of Directors.

(b) The Corporation is organized and will be operated exclusively for the purposes within the meaning of Section 501(c)(4) of the Internal Revenue Code of 1986, as amended (the “**Code**”) or the corresponding section of any future federal tax code. Specifically, the Corporation will work to promote and develop programs referenced in 1.01(a).

1.02 *Local Government Corporation.* The Corporation is formed pursuant to Special District Local Laws Code Chapter 3831 and the provisions of Subchapter D of Chapter 431, Texas Transportation Code (the “**Act**”), as they now or may hereafter be amended.

1.03 *Non-Profit Corporation.* The Corporation shall have and exercise all of the rights, powers, privileges, and functions given by the general laws of Texas to non-profit corporations incorporated under the Act including, without limitation, the Texas Nonprofit Corporation Law (Tex. Bus. Org. Code, Chapters 20 and 21 and the provisions of Title I thereof to the extent applicable to non-profit corporations, as amended or their successor).

1.04 *Powers of Non-Profit Corporation.* The Corporation shall have all other powers of a like or different nature not prohibited by law which are available to non-profit corporations in Texas and which are necessary or useful to enable the Corporation to perform the purposes for which it is created, including the power to issue bonds, notes or other obligations, and otherwise exercise its borrowing power to accomplish the purposes for which it was created.

1.05 *Governmental Entity for Immunity.* The Corporation is created as a local government corporation pursuant to the Act and shall be a governmental unit within the meaning of Subdivision (3), Section 101.001, Texas Civil Practice and Remedies Code. The operations of the Corporation are governmental and not proprietary functions for all purposes, including for purposes of the Texas Tort Claims Act, Section 101.001, et seq., Texas Civil Practice and Remedies Code.

1.06 *THBD Consent.* References herein to the consent or written consent of THBD shall refer to an ordinance, resolution, or order of the THBD Board of Directors.

ARTICLE II Board of Directors

2.01 *Powers Vested in Board and Board Members.*

(a) Subject to Section 2.01(b), all powers of the Corporation shall be vested in a Board of Directors consisting of seven members (the “**Board**”). The seven members of the Board will be the currently serving members of the THBD Board of Directors. The members of the THBD Board of Directors will automatically assume the Director positions upon taking the oath of office for their respective positions on the THBD Board of Directors and their terms as Directors will coincide with their terms on the THBD Board of Directors.

(b) At any time, the Board may vote to increase the number of members from seven to nine members. If the Board votes to increase the number of members to nine, the Board will appoint two additional members to serve as Directors and will set their terms on the Board as may be appropriate.

2.02 *Governing Documents.* All other matters pertaining to the internal affairs of the Corporation shall be governed by these Bylaws, so long as these Bylaws are not inconsistent with the Certificate of Formation (“Certificate”), and such other documents agreed to by THBD and as the same may be amended from time to time, or the laws of the State of Texas.

2.03 *Voting Rights.* All Directors shall have full and equal voting rights. All references herein to an act, resolution or vote of the Directors shall refer to a vote of the Directors entitled to vote on the matter as provided herein.

2.04 *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 within the city limits of Temple, Texas, 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. 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 under Chapter 551, Texas Government Code (the “Open Meetings Act”); provided that the notice of each meeting of the Board shall be posted in the same manner as the posting of meetings of the THBD Board of Directors. The Corporation, the Board, and any committee of the Board exercising the powers of the Board are subject to Chapter 552, Texas Government Code (the “Public Information Act”).

2.05 *Annual Meetings.* The annual meeting of the Board shall be held at the time and at the location in Temple, Texas, designated by the resolution of the Board for the purposes of transacting such business as may be brought before the Board.

2.06 *Regular Meetings.* Regular meetings of the Board shall be held at least quarterly at such times and places as shall be designated, from time to time, by resolution of the Board.

2.07 *Special and Emergency Meetings.* Special and emergency meetings of the Board shall be held whenever called by the President of the Board or the Secretary of the Board or by any two of the Directors who are serving duly appointed terms of office at the time the meeting is

called. Special and Emergency Meetings will be held pursuant to the Open Meetings Act.

2.08 *Quorum.* A majority of the entire Board (four Directors) shall constitute a quorum for the consideration of matters pertaining to the purposes of the Corporation. If at any meeting of the Board there is less than a quorum present, those present may adjourn the meeting. The vote of a majority of the entire membership of the Board in favor of a motion, resolution, or other act shall be required to constitute the act of the Board, unless the vote of a greater number of Directors is required by law, by the Certificate of Formation, or by these Bylaws.

2.10 *Assent Presumed Without Express Abstention or Dissent.* 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 such person's dissent or abstention shall be entered in the minutes of the meeting or unless such person shall file written dissent or abstention to such action with the person acting as the secretary of the meeting before the adjournment thereof. Such right to dissent or abstain shall not apply to a Director who voted in favor of the action.

2.11 *Conduct of Business.* At the meetings of the Board, matters pertaining to the purpose of the Corporation shall be considered in such order as the Board may from time to time determine. At all meetings of the Board, the Chair shall preside, and in the absence of the Chair, the Vice Chair shall preside. 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.

2.12 *Executive Committee, Other Committees.* The Board may, by resolution passed by a majority of the entire Board, designate two or more Directors to constitute an executive committee or other type of committee. In addition, the Board may appoint members of Corporation staff and citizens and/or employees to be members of a committee, except for an Audit, Compensation or Governance Committee, which committees may only be composed of Directors or Officers.

2.13 *Power of Committees.* Except to the extent provided in the authorizing resolution for the committee and the Board-approved committee charter, a committee may not exercise the authority of the Board. Each committee so designated shall keep regular minutes of the transactions of its meetings, 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 meeting in the manner required for a meeting of the Board.

2.14 *Compensation of Directors.* Directors, as such, shall receive no salary or compensation for their services as Directors; provided, however, Directors may be reimbursed for reasonable and necessary expenses incurred in carrying out the Corporation's purposes.

2.15 *Director's Reliance on Consultant Information.* A Director shall not be liable if, while acting in good faith and with ordinary care, such person 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) an employee of THBD;
- (c) legal counsel, public accountants, or other persons as to matters the Director reasonably believes are within the person's professional or expert competence; or,
- (d) a committee of the Board of which the Director is not a member.

2.16 *Executive Director.* The Board is authorized to hire an Executive Director who shall serve at the pleasure of the Board. The Executive Director shall be the chief executive officer of the Corporation and shall have the duties and powers as set forth in Article VI of these Bylaws. The Board shall establish the compensation and may establish duties and responsibilities of the Executive Director in addition to those prescribed by Article VI of these Bylaws. The hiring and/or removal of the Executive Director shall be by a majority vote of the entire Board.

2.17 *Attorneys and Consultants.* The Board may employ attorneys, auditors, certified accountants, engineers, and such other professionals and consultants as may be required for the purposes of the Corporation from time to time.

ARTICLE III Officers

3.01 *Titles and Term of Office.* The officers of the Corporation shall include a Chair of the Board, which shall be filled by the Chair of the THBD Board of Directors, a Vice Chair, which shall be filled by the Vice Chair of the THBD Board of Directors, a President, a Vice President, a Secretary, and a Treasurer. New offices may be created and filled at any meeting of the Board of Directors. One person may hold more than one office, except the President shall not hold the office of Secretary. The officers of the Corporation have the authority to make changes to these positions from time to time. All officers shall be appointed and subject to removal at any time, with or without cause, by a vote of a majority of the entire Board. A vacancy in any office elected pursuant to this Article III shall be filled by a vote of a majority of the entire Board.

3.02 *Powers and Duties of the Chair and Vice Chair.* The Chair and Vice Chair shall be members of the Board. The Chair will preside at all meetings of the Board. The responsibility of the Board Chair is, primarily, to ensure the integrity of the Board's process. The Chair is the spokesperson for the Board itself, other than in specifically authorized instances when others fill that role. The Chair has no authority to make policy decisions for the Board but is expected to help the President interpret Board policy. In the absence or disability of the Chair, the Vice Chair will perform all the duties of the Chair. When so acting such person will have all the powers and perform such other duties from time to time as may be prescribed for the Vice Chair by the Board.

3.03 *Powers and Duties of the President.* The President shall have such duties as are assigned by the Board. The President may call special or emergency meetings of the Board. Any special or emergency called meeting shall be called and conducted in accordance with Section 2.08 of these Bylaws. In furtherance of the purposes of the Corporation and subject to the limitations contained in the Certificate, the President or Vice President may sign and execute all bonds, notes, deeds, conveyances, franchises, assignments, mortgages, notes, contracts, and other obligations in the name of the Corporation. The President shall be an ex-officio member of all

committees.

3.03 *Powers and Duties of the Vice President.* A Vice President shall have such powers and duties as may be assigned to such person 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 such 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.

3.04 *Treasurer.* The Treasurer shall have custody of all the funds and securities of the Corporation which come into possession of the Corporation. When necessary or proper, the Treasurer (i) may endorse, on behalf of the Corporation, for collection, checks, notes and other obligations and shall deposit the same to the credit of the Corporation in such bank or banks or depositories as shall be designated in the manner prescribed by the Board; (ii) may sign all receipts and vouchers for payments made to the Corporation, either alone or jointly with such other officer as is designated by the Board; (iii) shall enter or cause to be entered regularly in the books of the Corporation to be kept by such person for that purpose full and accurate accounts of all moneys received and paid out on account of the Corporation; (iv) shall perform all acts incident to the position of Treasurer subject to the control of the Board; including the monitoring and audit of all cash accounts whose existence must first be approved by the Board; and (v) 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.

3.05 *Secretary.* The Secretary (i) shall keep the minutes of all meetings of the Board in books provided for that purpose; (ii) shall attend to the giving and serving of all notices; (iii) in furtherance of the purposes of the Corporation and subject to the limitations contained in the Certificate of Formation, may sign with the President in the name of the Corporation and/or attest the signatures thereof, all contracts, conveyances, franchises, bonds, deeds, assignments, mortgages, notes and other instruments of the Corporation; (iv) shall have charge of the Corporation'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 Corporation during business hours; and, (v) shall in general perform all duties incident to the office of Secretary subject to the control of the Board. Nothing in this Section 3.05 shall be construed as prohibiting the Board or the Executive Director from providing to the Secretary such support as may be reasonable and necessary to assist the Secretary in carrying out the duties set forth herein.

3.06. *Compensation.* Officers shall serve without compensation for their duties but are entitled to receive reimbursement for their reasonable expenses only in performing their functions in accordance with any policies that may be adopted by the Board.

3.07 *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 other officers or employees of the Corporation, including members of

the Board;

(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) an employee of THBD.

ARTICLE IV Financial Responsibilities

4.01 *Audit or Financial Review.* Upon request from THBD and not later than 120 days after receipt of the request, the Board shall have an annual audit or financial review (as requested by THBD) prepared by an independent auditor who is duly licensed or certified as a public accountant in the State of Texas of the financial books and records of the Corporation.

4.02 *Bank Account.* A bank account may be opened on the Corporation's behalf with any bank as the President may deem appropriate.

4.03 *Capital Spending Authority:* The Board may expend funds for capital improvements in accordance with a capital improvement plan approved by the Board for the current fiscal year budget as follows:

(a) funds from THBD shall be used for the purposes of the Corporation as authorized and directed by the THBD Board of Directors;

(b) funds from other sources, such as donations, may be used at the discretion of the Board for capital purposes as long as the uses are consistent with the direction of THBD and are not reasonably expected by the Board to increase the operation and maintenance costs of the Corporation above the limits established in Section 4.04, below, or have a capital cost greater than \$100,000; or

(c) proceeds of bonds, notes and other obligations shall be expended in accordance with the terms of the resolution authorizing the issuance of such bonds, notes, or other obligations.

4.04 *Issuance of Debt.*

(a) The Corporation, with the approval of THBD, is authorized to issue short-term debt in the form of bonds, notes, and other obligations which by their terms mature and are payable not later than one year from their initial date of issuance. Where possible, the amount and purpose of the short-term debt shall be projected by the Corporation in its annual budget to THBD. THBD shall be given the first opportunity to provide these funds before the Board incurs debt.

(b) The Corporation, with the approval of the THBD, is authorized to issue long-term debt in the form of bonds, notes, and other obligations which by their terms mature and are payable beyond one year from their initial date of issuance. Long term debt may be issued to finance capital improvements and costs related thereto, and to refund or refinance any outstanding bonds, notes, or obligations issued or incurred by the Corporation, or for such other reasons as may be approved by THBD.

(c) Short-term debt as defined in Subsection (a) and long-term debt as defined in Subsection (b) of this Section 4.03 may be issued only if:

(i) the issuance of said debt is approved by a majority of the entire Board; and

(ii) the issuance of said debt is approved by resolution or ordinance of the THBD Board of Directors.

(d) Any debt issuance approved by THBD shall be paid from any source or sources permitted by law including the income and revenue of the Corporation.

4.05 *Increase of O&M Costs.* Except for items mandated by changes in state or federal law or regulation that could not reasonably have been anticipated prior to submission of the Corporation's annual budget to the THBD for review and comment, in the event any one or more items are added during a fiscal year that would increase or cause the annual operation and maintenance costs to exceed 10% above the budgeted amount for that year, the Board must receive prior approval from THBD prior to making that addition.

4.06 *Fiscal Year.* The fiscal year of the Corporation shall begin October 1 of each year.

4.07 *Annual Budget.*

(a) No later than 30 days prior to the beginning of each fiscal year, the Board or the Executive Director (if the Corporation has employed an Executive Director) shall prepare, or cause to be prepared, and approve a budget (the "**Budget**") for the fiscal year. The Budget must be approved by a majority vote of the entire Board.

(b) The Budget shall, at a minimum, include capital, operational, debt service and project-specific expenditures and corresponding revenues. The Budget shall clearly indicate the sources and purposes of revenues contributed by THBD.

(c) If the Board fails to approve the Budget, then the Budget for the prior fiscal year shall be deemed approved.

(d) From time to time, the Board may undertake one or more projects related to the purposes of the Corporation requiring the expenditure of funds not approved in the Annual Budget with the approval of a majority of the Board of Directors.

4.08 *Line Item Flexibility.* The Executive Director or the President has the authority to shift operation and maintenance funds from one line item of the Budget to another without the approval of the Board.

4.09 *Reserve Fund.* The Budget shall provide for one or more reserve funds for the replacement of scheduled assets, for capital improvements and reasonable reserves for future activities, debt, and establishment of a capital reserve. Any unencumbered funds remaining at the end of the fiscal year shall be converted to the Reserve Fund.

4.10 *Other Funds.* Other funds, such as unrestricted charitable donations, may be used

by the Board in accordance with the approved budget or, if not anticipated in the Budget, as the Board directs, provided that the limitation set out in Section 4.04, above, or a capital cost of \$100,000 is not exceeded.

4.11 *Appropriations and Grants.* The Corporation shall have the power to request and accept any appropriations, 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.

4.12 *Sale or Transfer of Assets.* The Corporation may not sell, transfer, or assign real property of the Corporation, in whole or in part, without the approval of the Board.

ARTICLE V

Indemnification of Directors and Officers

5.01 *Right to Indemnification.* Subject to the limitations and conditions as provided in this Article V and the Certificate, each person who was or is made a party, 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 Corporation shall be indemnified by the Corporation to the fullest extent permitted by the Texas Nonprofit Corporation Law, 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, settlement 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 indemnify 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.

5.02 *Advance Payment.* The right to indemnification conferred in this Article V shall include the right to be paid in advance or reimbursed by the Corporation the reasonable expenses incurred by a person of the type entitled to be indemnified under Section 5.01 who was, is or is threatened to be made a named defendant or respondent in a proceeding in advance of the final disposition of the proceeding and without any determination as to the person’s ultimate entitlement to indemnification; provided, however, that the payment of such expenses incurred by any such person in advance of the final disposition of a proceeding, shall be made only upon delivery to the Corporation of a written affirmation by such Director or Officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification under this Article 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.

5.03 *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 and Officers under this Article V.

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

5.05 *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 5.03 of this Article V may have or hereafter acquire under any law (common or statutory), provision of the Certificate or these Bylaws, agreement of disinterested Directors, or otherwise.

5.06 *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, 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 this Article V.

5.07 *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 ninety (90) day period immediately following the date of the indemnification or advance notification.

5.08 *Savings Clause.* If this Article V or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify and hold harmless each Director, Officer or any other person indemnified pursuant to this Article 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

Executive Director; Employees

6.01 *Powers and Duties of the Executive Director.*

(a) *Chief Executive.* The Executive Director shall be the chief executive officer of the Corporation and, subject to the control of the Board, shall be in general charge of the properties and affairs of the Corporation. The Executive Director has management and control of the

properties and operations of the Corporation, including the powers of a general manager. The Executive Director shall be an ex-officio of all Board committees, except the Audit Committee. The Executive Director will be responsible for implementing all orders and resolutions of the Board, and all other powers that are not specifically reserved to the Directors or THBD will be executed by the Executive Director within the general guidelines and policies of the Board and THBD.

(b) *Responsible for hiring and supervision of Employees.* The Executive Director shall be responsible for hiring and terminating the employees of the Corporation. All employees hired by the Executive Director shall be terminable at-will and not be provided any term or promise of employment.

(c) *Spending Authority.* The Executive Director is authorized to approve expenditures, make purchases, and enter into contracts on behalf of the Corporation which require an expenditure not to exceed \$50,000 without Board approval as long as funds are budgeted and are available for the expenditure.

(d) *Annual Budget.* The Executive Director is responsible for the preparation of the Corporation's annual budget.

(e) *Annual Business Plan.* The Executive Director shall prepare a Corporation business plan (the "**Business Plan**") on an annual basis for review and approval by the Board. The Business Plan shall include such items and matters required by the Board and, at a minimum, shall include the following: (i) performance measures and benchmarks; and (ii) possible future activities.

6.02 *Corporation Employees.* If the Board appoints and hires an Executive Director, the Executive Director may be a full-time or part-time employment position of the Corporation. The Board may contract with a person or entity as an independent contractor to serve as an Executive Director.

ARTICLE VII **Code of Ethics**

7.01 *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.

7.02 *Conflicts of Interest*

(a) *Abide by State and Criminal Laws for Public Officers.* All Directors, Officers and

employees shall abide by the state civil and criminal laws regarding conflict of interest, official misconduct and other regulations and restrictions involving their official duties.

(b) *Disclosure and Abstention.* It is the intent of these Bylaws that the Directors, Executive Director and Officers shall take all steps to avoid the appearance of impropriety in the conduct of their affairs on behalf of the Corporation. This includes not engaging in any conduct or business that may be deemed to compromise their independent judgment in executing their duties as Corporation officials. In the event that a Director, Officer, or the Executive Director has any financial or equitable interest, direct or indirect, in a transaction that comes before the Board, or a committee or the Executive Director, the affected Director or Officer, must:

- (i) disclose that interest in writing and file it with the Board Secretary;
- (ii) refrain from discussing or voting on the same; and
- (iii) comply with all other requirements of Texas Local Government Code Chapter 171.

(c) *Restrictions on Executive Director.* The Executive Director is precluded from having any financial or equitable interest in any contract, service (other than such person's employment) or acquisition that is subject to such person's approval or that the subordinates of the Executive Director may approve or monitor.

7.03 *Acceptance of Gifts.* No Director or Officer, nor the Executive Director, shall accept any benefit as consideration for any decision, opinion, recommendation, vote or other exercise of discretion in carrying out official acts for the Corporation. No Director or Officer, nor the Executive Director, shall solicit, accept, or agree to accept any benefit from a person known to be interested in or likely to become interested in any contract, purchase, payment, claim, or transaction involving the exercise of the Director's or Officer's, or the Executive Director's, discretion. As used here, "benefit" does not include:

(a) a fee prescribed by law to be received by a Director, Officer or Executive Director or any other benefit to which the Director, Officer or Executive Director is lawfully entitled or for which he gives legitimate consideration in a capacity other than as a Director, Officer or Executive Director;

(b) a gift or other benefit conferred on an account of kinship or a personal, professional, or business relationship independent of the official status of the Director, Officer or Executive Director;

(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 exclusive of

reimbursement for travel, food, and lodging expenses incurred by the Director, Officer or Executive Director in performance of the services.

(d) A benefit consisting of food, lodging, transportation, or entertainment accepted as a guest is reported as may be required by law.

7.04 *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 or within the third degree of consanguinity 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 30 days prior to the appointment of the Director or Officer so appointing or voting.

ARTICLE VIII Miscellaneous Provisions

8.01 *Seal.* The seal of the Corporation shall be such as may be from time to time approved by the Board. The seal of the Corporation shall not be required to be placed on a document in order for the document to be considered a valid act or agreement of the Corporation.

8.02 *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 Corporation, and such notice shall be deemed to have been given on the day of such mailing. If transmitted by facsimile or email, such notice shall be deemed to be delivered upon successful transmission of the facsimile or email. A Director may waive notice of any meeting. The attendance of a Director at any meeting shall constitute a waiver of notice of such meeting unless such attendance is for the purpose of objecting to the failure of notice. 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.

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

8.04 *Distribution of Net Income; Return of Funds.* Notwithstanding Section 431.107 of the Act, entitling THBD at all times to have the right to equally receive the income earned by the Corporation, any income earned by the Corporation after payment of reasonable expenses, reasonable reserves for future activities, debt, establishment of a capital reserve, and establishment of a reserve for satisfaction of other legal obligations of the Corporation shall be retained by the Corporation.

8.05 *THBD Access to Records of Corporation.* Notwithstanding the provisions of the Public Information Act or any exceptions contained therein to disclosure and the rights or limitations thereof regarding the review of records of Texas non-profit corporations, THBD shall have a special right to review and obtain copies of the records of the Corporation, regardless of format, upon reasonable notice and during regular business hours of the Corporation; provided,

however, such special right of access to THBD shall not apply to records to which law or regulation expressly prohibit disclosure to third parties that would by definition include THBD.

8.06 *Amendments.* A proposal to alter, amend or repeal these Bylaws shall be made by the affirmative vote of a majority of the entire 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.