

**BYLAWS OF
TECHSHARE LGC**

A Texas Non-Profit Local Government Corporation created by and on behalf of the Texas counties of Collin, Dallas, Denton, Johnson, Midland, Potter, Tarrant, and Travis, and all other local governments subsequently joining the Corporation as provided herein (collectively the “Participant Local Governments” and individually each a “Participant Local Government”).

ARTICLE I

Corporate Purpose and Authority

1.01 Purpose. The purpose of the Corporation is to aid and act on behalf of its member local governments to realize efficiencies and economies of scale through collaboration in acquiring, developing, operating, and maintaining information technology goods and services to serve the interests of those local governments and their respective citizens.

1.02 Authority. In effectuating its purpose, the Corporation shall have all powers conferred by applicable law, specifically including, but not limited to, the following powers:

- A. To appoint an Executive Director and employ persons to carry out the purposes of the Corporation;
- B. To purchase, receive, lease, or otherwise acquire, own, hold, improve, use, or otherwise deal in and with real or personal property, or any interest therein, wherever situated, as the purposes of the Corporation shall require, or as shall be donated to it;
- C. To sell, convey, mortgage, pledge, lease, exchange, transfer, and otherwise dispose of all or any part of its property and assets; and
- D. To make contracts and incur liabilities, borrow money at such rates of interest as the Corporation may determine, issue its notes, bonds, and other obligations, and secure any of its obligations by mortgage or pledge of all or any of its property and income.

1.03 Local Government Corporation. The Corporation is formed pursuant to the provisions of Subchapter D of Chapter 431, Texas Transportation Code (the “Act”), as it

now or may hereafter be amended, and Chapter 394, Texas Local Government Code, which authorizes the Corporation to assist and act on behalf of the Participant Local Governments and to engage in activities in the furtherance of the purposes for its creation.

1.04 *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.

1.05 *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.

1.06 *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 Section 101.001, Texas Civil Practice and Remedies Code. Pursuant to Section 431.108, Texas Transportation 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.

1.07 *Additional Participant Local Governments.* Upon approval of the Board, and upon approval of the Certificate of Formation (the "Certificate") and these Bylaws by their respective governing bodies, other Texas local governments participating in TechShare as Stakeholders through an interlocal agreement, and subject to qualifications in the interlocal agreement, may become Participant Local Governments and have a director serve on the Board.

1.08 Other Units of Government. Subject to applicable state law, the Corporation may contract with a non-participating unit of government to provide services on behalf of such non-participating unit of government.

1.09 Approved Projects. The Corporation, by and through its Board of Directors, may approve projects consistent with the purposes of the Corporation to assist the Participant Local Governments in the performance of their governmental functions (each an “Approved Project”). Participant Local Governments shall not be required to participate in any Approved Project and Participant Local Governments shall not be responsible for funding any Approved Project without approval of their respective governing bodies.

ARTICLE II

Board of Directors

2.01 Powers Vested in Board. All powers of the Corporation shall be vested in a Board of Directors subject to the oversight of the Participant Local Governments as provided in these Bylaws. The selection, terms, removal, and replacement of the members of the Board of Directors of the Corporation (“Director” or “Directors”) shall be governed by Article IV of the Certificate.

2.02 Initial Board. The initial directors of the Corporation (“Director” or “Directors”) shall be those persons named in Article VI of the Certificate. The terms of the initial Directors shall commence on the date the Secretary of State has issued the certificate of incorporation for the Corporation.

2.03 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, and such other documents agreed to by the Participant Local Governments and as the same may be amended from time to time, or the laws of the State of Texas.

2.04 Voting Rights. Directors shall have weighted voting rights in accordance with proportionate contributions of capital for all TechShare Projects and Resources which each Director’s respective Participant Local Government is then an active participant. 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.

2.05 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. 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”).

2.06 Annual Meetings. The annual meeting of the Board shall be held at the time and at the location designated by the Chairman of the Board for the purposes of transacting such business as may be brought before the meeting.

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

2.08 Special and Emergency Meetings. Special and emergency meetings of the Board shall be held whenever called by the Chairman of the Board or by any four (4) of the Directors who are serving at the time the meeting is called. A majority of the Board must be present for any special called or emergency meeting. The Secretary shall give notice of each special meeting in person, by telephone, facsimile, mail or email at least two (2) hours before the meeting to each Director and to the public in compliance with the Open Meetings Act. Notice of each emergency meeting shall also be given in the manner required under the Open Meetings Act. An emergency meeting may only be held as permitted by the Open Meetings Act. The agenda notice of the emergency meeting must be posted at least two (2) hours before the meeting and clearly identify the emergency or urgent public necessity. The Chairman or the Board member who calls an emergency meeting must notify by telephone, facsimile transmission, or electronic mail not later than one hour before the meeting those members of the news media that have previously filed at the Corporation a request containing all pertinent information for the special notice and have agreed to reimburse the Board for the cost of providing the special notice. Unless otherwise indicated in the notice thereof, any and all matters pertaining to the purposes of the Corporation may be considered and acted upon at a special meeting to the same extent as they may be considered and acted upon in a regular meeting. At any meeting

at which every Director shall be present, even though without any notice, any matter pertaining to the purposes of the Corporation may be considered and acted upon to the extent allowed by the Open Meetings Act.

2.09 Proxies. A Director may designate an individual to serve as the Director's proxy for any meeting of the Board. Proxy designations must be made in writing and delivered to the Chairman before the meeting at which the proxy will serve. A proxy will be recognized for quorum purposes.

2.10 Quorum. A majority of the entire Board 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 weighted votes of the entire 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 weight or number of Directors is required by law, by the Certificate of Formation, or by these Bylaws.

2.11 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.

2.12 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 Chairman shall preside, and in the absence of the Chairman, the Vice Chairman 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.

2.13 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.

2.14 Director's Reliance on Consultant Information. A Director, including an officer, 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 directors or employees of the Corporation;
- (b) an employee of a Participant Local Government;
- (c) legal counsel, public accountants, or other persons as to matters the officer 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.

2.15 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 weighted vote of the entire Board.

2.16 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 be a Chairman, a Vice Chairman, a Secretary, a Treasurer, and such other officers as the Board may from time to time appoint. Each officer shall be a current Director. One person may hold more than one office, except the Chairman shall not hold the office of Secretary. The term of office for each officer shall be one (1) year and shall serve from October 1 through the

following September 30, except that such office shall terminate on the earlier of: (a) the date that the officer is replaced by the Board; or (b) the date that the officer is no longer a member of the Board. All officers may serve successive terms. All officers shall be appointed and subject to removal at any time, with or without cause, by a vote of the Board. A vacancy in any office shall be filled by a vote of the Board.

3.02 Powers and Duties of the Chairman. The Chairman shall be a member of the Board and shall preside at all meetings of the Board. Such person shall have such duties as are assigned by the Board. The Chairman 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 Chairman may sign and execute all bonds, notes, deeds, conveyances, franchises, assignments, mortgages, notes, contracts and other obligations in the name of the Corporation.

3.03 Powers and Duties of the Vice Chairman. The Vice Chairman shall be a member of the Board and shall have such powers and duties as may be assigned to such person by the Board or the Chairman, including the performance of the duties of the Chairman upon the death, absence, disability, or resignation of the Chairman, or upon the Chairman's inability to perform the duties of such office.

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. The Treasurer, with the consent of the Board, may designate one or more individuals to perform the duties of receiving and disbursing funds of the Corporation, including having signatory authority on the Corporation's demand accounts. The Corporation may contract with one or more of the Participant Local Governments to provide financial services for the Corporation in deciding the performance of the duties of the Treasurer set forth in this Section 3.04.

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 Chairman 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.

ARTICLE IV

Financial Responsibilities

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

4.02 Annual Budget.

(a) Prior to the beginning of each fiscal year, the Board or the Executive Director (if the Corporation has retained an Executive Director) shall prepare, or cause to be prepared, a budget (the "Budget") for the fiscal year. The Board shall approve the Budget no later than thirty (30) days prior to the beginning of each fiscal year.

(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.

(c) If the Board fails to approve the Budget by the first day of the fiscal year, then the Budget for the prior fiscal year shall be deemed approved until such time as the Board approves a new Budget.

4.03 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 legal liabilities. Contributions to reserve funds should reflect proportionate expenditures for each Resource in a base year as determined by the Board. Subject to agreements to which the Corporation is a party, any unencumbered funds remaining at the end of the fiscal year shall be converted to a reserve fund.

4.04 Audit. After the close of each fiscal year, the Board shall have an annual audit of the financial books and records of the Corporation prepared by an independent auditor who is duly licensed or certified as a public accountant in the State of Texas. The Corporation shall provide a copy of the completed audit to each Participant Local Government not later than fifteen (15) days after its receipt by the Corporation.

4.05 Issuance of Debt.

(a) The Corporation, with the approval of at least 75% of the of the weighted votes of the entire Board, 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 (1) 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. Participant Local

Governments shall be given the first opportunity to provide these funds before the Board incurs debt.

(b) The Corporation, with the approval of at least 75% of the of the weighted votes of the entire Board, 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 (1) year from their initial date of issuance. Long term debt may be issued to finance capital purchases and 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 the Participant Local Governments.

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

4.06 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 in the State, or from any other source.

4.07 Distribution of Net Income; Return of Funds. Notwithstanding Section 431.107, Texas Transportation Code, entitling the Participant Local Governments at all times to have the right to equally receive the income earned by the Corporation, and except as otherwise provided in agreements between Participant Local Governments to which the Corporation is a party, net income earned by the Corporation after payment of reasonable expenses and establishment of reasonable reserves shall be retained by the Corporation and applied as a credit to the charges to Participant Local Governments for services provided by the Corporation to the Participant Local Governments in subsequent budget periods. Credits derived from net income from Approved Projects shall be apportioned in accordance with the funding formula contained in the agreement for each Approved Project that generated the net income, as applicable, or equally to participants in the Approved Project in the absence of a funding formula. Credits will be granted only to those Participant Local Governments that contributed funds for the Approved Project in the budget period that resulted in the net income, and only if such Participant Local

Governments continue participation in the Approved Project in the subsequent budget period.

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 expense 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, by agreement 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 member of all Board committees, except any committee charged with financial oversight of the Corporation, such as an 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 Participant Local Governments will be executed by the Executive Director within the general guidelines and policies of the Board and Participant Local Governments.

(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 continued 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.

6.02 *Corporation Employees.*

(a) The Board may employ or contract with a person or entity as an independent contractor to serve as an Executive Director. The Executive Director shall be terminable at-will and not be provided any term or promise of continued employment.

(b) The Corporation may contract with any one or more of the Participant Local Governments for utilization of employees of such Participant Local Governments. The Corporation may, with or without compensation, use the services of employees of a Participant Local Government with the prior written consent of the applicable Participant Local Government's governing body. The Board is authorized to employ or contract for project-specific personnel to manage or operate a service provided by the Corporation.

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 a Director, Officer, or the Executive Director has a substantial interest in a transaction that comes before the Board, the affected Director must:

- (i) disclose that interest in writing and file it with the Secretary; and
- (ii) refrain from discussing or voting on the same.

(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 the Executive Director's approval or that the subordinates of the Executive Director may approve or monitor.

(d) Definition of Substantial Interest. A Director has a substantial interest in real property if the interest of the Director or their relative related within the first degree of consanguinity or affinity to the Director is an equitable or legal ownership with a fair market value of \$2,500 or more. A Director has a substantial interest in a business entity if the Director or their relative related within the first degree of consanguinity or affinity to the Director:

- (i) owns 10 percent or more of the voting stock or shares of the business entity or owns either 10 percent or more or \$15,000 or more of the fair market value of the business entity; or

(ii) funds received by the person from the business entity exceed 10 percent of the person's gross income for the previous year.

(e) The status of the person being an elected official or employee of a public entity does not create a substantial interest in the public entity.

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 or Officer or Executive Director or any other benefit to which the Director or Officer or Executive Director is lawfully entitled or for which he gives legitimate consideration in a capacity other than as a Director or 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 or Officer or Executive Director;

(c)

One or more gifts, including food and beverages accepted as a guest, that in total do not exceed \$100 in value in any 12-month period.

7.04 Nepotism. No Director, Officer, or Executive Director 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 thirty (30) days prior to the appointment of the Director or Officer so appointing or voting.

ARTICLE VIII

Dissolution

8.01 *Vote of Dissolution.* Upon the affirmative vote of a majority of the Board, the Corporation may be dissolved and its assets sold.

8.02 *Distribution.* Upon dissolution, the proceeds from the sale of assets and the balance of any funds on hand after the payment of all liabilities, shall be distributed to the Participant Local Governments in proportion to their respective payments to the Corporation in the Corporation's last five (5) full fiscal years before dissolution.

8.03 *Purchase of Assets by Participant Local Governments.* Nothing herein shall prohibit one or more of the Participant Local Governments, acting individually or in unison, from purchasing the assets of the Corporation, provided there is compliance with all applicable laws and regulations.

ARTICLE IX

Miscellaneous Provisions

9.01 *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.

9.02 *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.

9.03 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, the Participant Local Governments 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 the Participant Local Governments shall not apply to records to which law or regulation expressly prohibit disclosure to third parties that would by definition include the Participant Local Governments.

9.04 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 regular meeting, or at any special meeting if notice of the proposed amendment be contained in the notice of said special meeting.