

BYLAWS
OF
CITIES AGGREGATION
POWER PROJECT, INC.

ARTICLE I. Name and Purpose

- 1.1 Name. This corporation shall be known as Cities Aggregation Power Project, Inc.

- 1.2 Purpose. The corporation has been organized for any and all lawful business for which corporations may be organized under the Texas Non Profit Corporations Act, for the purposes of purchasing electricity, aiding or acting on behalf of its Members with respect to their own electricity use for their respective public facilities and that of their citizens, negotiating on behalf of its Members for the purchase of electricity, making contracts for the purchase of electricity, and taking any other actions necessary to purchase electricity for use in the public facilities of the political subdivision or subdivisions represented by the corporation, for the purposes of acting as a local cooperative organization to purchase goods and services for its members, and for all other purposes as may be permitted by law for political subdivision corporations.

ARTICLE II. Board of Directors

- 2.1 Composition. There shall be a Chair and a Vice Chair on the board and such other directors as required for the performance of duties.
- 2.2 Powers. The affairs of the Corporation shall be managed by the Board of Directors, which may exercise all such powers of the corporation and do all such lawful acts and things as are not prohibited by statute, by the Articles of Incorporation of the Corporation, or by these Bylaws. By illustration and without limitation, included among the powers of the Board of Directors is the power to negotiate the purchase of electricity, aid or act on behalf of the political subdivisions for which the corporation is created, make contracts for the purchase of electricity, purchase electricity, and take any other action necessary to purchase electricity for use in the public facilities or by the citizens of the political subdivision or subdivisions represented by the Corporation; provided, however, no Member shall be obligated under any such contract unless the Member approves such contract.
- 2.3 Number, Tenure and Qualification. (a) Directors shall be elected to the Board at annual meetings of the Members as hereinafter described from a slate presented by the Board and from nominations by Members. Nominations for membership on the Board made by Members shall not be considered at any meeting of the Members unless such nomination has been presented in writing, signed by the Member or Members proposing the same,

and filed with the Secretary of the Corporation at least sixty (60) days prior to the date of the meeting at which said nominations are to be considered. From the nominations so made and no others, and from the slate presented by the Board, Directors shall be elected, and the person or persons receiving the highest number of votes shall be declared elected. If the election of Directors shall not be held on the day designated herein for any annual meeting of the Members, or at any adjournment thereof, the Board shall cause the election to be held at a special meeting of the Members, which shall be convened as soon thereafter as is possible.

(b) The initial Board of Directors shall consist of three directors, and will be expanded to nine (9). At the first annual meeting of the Corporation, the Members shall elect nine (9) Directors (Places 1, 2, 3, 4, 5, 6, 7, 8, and 9) from the participating Corporation Membership, which Directors will serve from their election until their successors are duly elected and shall qualify. The number of Directors may be increased or decreased by resolution of the Board, but no decrease shall have the effect of shortening the term of an incumbent Director. The first elected directors shall be selected based on the following:

- **each** participating city with a population above 500,000 will be guaranteed **one** seat.
- **all** participating cities with a population greater than 100,000 but not greater than 500,000 will be guaranteed **one** seat for the group.
- **all** participating cities with a population greater than 50,000 but not greater than 100,000 will be guaranteed **one** seat for the group.
- **all** participating cities with a population not greater than 50,000 will be guaranteed **one** seat for the group.

- the remaining board members necessary to bring the number of Directors to nine (9) will be elected at large.

(c) The first elected directors shall serve until December 31, 2003. The subsequent Board Member Selection Process will be determined by the first elected Board based upon aggregation project load of participants and must be established before December 31, 2003. The directors elected as a result of using the subsequent Board Member Selection Process shall serve two (2) year staggered terms with directors serving in place numbers that are odd elected in odd numbered years and those serving in place numbers that are even elected in even numbered years, except that the initial even place numbered directors will stand for re-election after one year.

(d) Except for the initial Board, each Director of the Board must be an official or full-time salaried employee of a Member. Any Director who is an official or full-time salaried employee of an entity that ceases to be a Member participant of the Corporation, and any Director who ceases to be an official or full-time salaried employee of a Member, shall be automatically disqualified to serve as a Director, and the position shall become vacant, such vacancy to be filled in the manner provided in Section 2.5 of this Article II.

2.4 Removal. Directors may be removed from office, with or without cause, by an affirmative vote of the majority of the Members then entitled to vote at an election of the Directors at an annual meeting of the Members or a meeting called expressly for that purpose; provided, no action to remove any Director shall be sufficient unless written

notice that such action is to be considered shall have been given to all Members by the Chair or Secretary at least sixty (60) days before the meeting.

2.5 Vacancies. Any Director may resign at any time by giving written notice to the Secretary of the Corporation. Such resignation shall take effect at the time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Any vacancy occurring in the Board may be filled by the affirmative vote of a majority of the remaining Directors though less than a quorum. A Director elected to fill a vacancy shall be elected for the unexpired term of his or her predecessor in office. Any place on the Board to be filled by reason of an increase in the number of Directors shall be filled by the affirmative vote of a majority of the Directors then in office. A Director chosen to fill a position resulting from an increase in the number of Directors shall hold office until the next annual meeting of Members, at which time a successor shall be elected to serve until the expiration date set for his or her designated place.

2.6 Regular Meetings. A regular meeting of the Board shall be held annually in conjunction with the annual meeting of Members, for the purpose of organization, election of officers, and consideration of any other business that properly may come before the Board. The Board may provide, by resolution, the time and place for the holding of additional regular meetings.

- 2.7 Special Meetings. Special meetings of the Board may be called by the Chair of the Board or at the written request of any two Directors. The person or persons authorized to call special meetings of the Board may fix the place for holding any special meeting of the Board so called. If no place is fixed, the place of meeting shall be the principal office of the Corporation in Texas.
- 2.8 Voting; Quorums. A majority of the number of Directors described in by Section 2.3 shall constitute a quorum for the transaction of business. The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board, provided, however, the Board may, by resolution, delegate any of its powers in whole or in part, temporarily or permanently, to any Director or committee of Directors then acting; any such delegation shall be by written instrument filed in the records of the Corporation.
- 2.9 Notice of Meetings. Notice for board meetings shall be provided to all Directors and Members either by mail not less than seventy-two (72) hours before the date of the meeting, by telephone, telegram, or telecopy on twenty-four (24) hours notice or on such shorter notice as the person or persons calling such meeting may deem necessary or appropriate in the circumstances.
- 2.10 Informal Action by Directors. Any action required to be taken at a meeting of the Directors, or any other action which may be taken at a meeting of the Directors, may be taken without a meeting if a consent or consensus in writing, setting forth the action so

taken, shall be signed by all of the Members with respect to the subject matter thereof. Such consent or consents shall have the same force and effect as a unanimous vote of the Directors.

- 2.11 Compensation. Duly elected or appointed Directors shall serve without compensation, but shall be reimbursed for reasonable costs of travel, meals, lodging and incidental expenses while on official business for the Corporation.
- 2.12 Reliance on Professionals and Experts. Directors are authorized to rely on information, opinions, reports and statements, including financial statements and other financial data, prepared or presented by others to the fullest extent permitted by applicable law.
- 2.13 Executive Committee. The Chair of the Board may appoint an Executive Committee of the Board to handle the affairs of the Board when regular or special Board meetings are not in session, with such functions as may be designated to the Executive Committee by the Board through a resolution properly adopted. The Executive Committee may consist of the Chair, Vice-Chair, and one or two other Directors as designated by the Chair.
- 2.14 Other Committees. The Chair is authorized to form any committees as needed in order to assist the Board with its information gathering and deliberations.
- 2.15 Specific Powers and Duties. The Board, in addition to other powers and duties herein conferred, imposed, and authorized by law, shall have the following powers and duties:

(a) It shall carry out all of the duties necessary for the proper operation and administration of the Corporation on behalf of the Members and to that end shall have all of the powers necessary and desirable for the effective administration of the affairs of the Corporation.

(b) It shall be authorized to contract with any qualified individual, firm or organization to perform any of the functions necessary for the effective administration or operation of the Corporation, or to provide for the fiscal protection of the Corporation or in keeping with its fiduciary responsibilities as Directors.

(c) It may hire attorneys, accountants, consultants, or such other professional persons that it may deem necessary aid to or for the Corporation. Those persons shall be paid as provided in the contract for hire as executed by the Chair of the Board.

(d) It shall have the general power to make and enter into all contracts, leases and agreements necessary or convenient to carry out any of the powers granted under these bylaws or by any other law.

(e) It shall provide for an annual audit of the books of the Corporation to be supplied to the Membership within 120 days following the close of each Corporation Year, or as soon thereafter as practicable.

(f) It shall have the authority to terminate membership of any Member that fails to abide by the reasonable requirements of the Board concerning payment of annual dues or aggregation fees as provided in Article V, cooperate with any of the agents hired to provide administrative services on behalf of the Board, or takes any other action that may be detrimental to the Corporation.

(g) It may collect interest on all past due accounts not to exceed the amounts allowed under applicable law.

ARTICLE III. Officers

3.1 Generally. The Board shall elect from among their number a Chair of the Board and a Vice-Chair of the Board. The Board shall designate a Secretary, who may or may not be a Director, to keep the minutes and the records of the Board. The Board may appoint such other officers, assistant officers, committees and agents, including a treasurer, assistant secretaries and assistant treasurers, as they may consider necessary, who shall be chosen in such manner and hold their offices for such terms and have such authority and duties as may from time to time be determined by the Board. No person may simultaneously hold two offices. In all cases where the duties of any officer, agent or employee are not prescribed by the bylaws or by the Board, such officer, agent or employee shall follow the orders and instructions of the Chair of the Board.

- 3.2 Election; Tenure. The Chair of the Board, the Vice-Chair, and the Secretary shall be elected at the organizational meeting of the Board. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as a meeting may be conveniently convened. Other officers may be chosen by the Directors at such meeting or at any other time. Each officer shall hold office until the first of the following occur: until his or her successor shall have been duly elected and shall have qualified; or until his or her death; or until he or she shall resign; or until he or she shall be disqualified pursuant to these bylaws; or until he or she shall have been removed in the manner hereinafter provided.
- 3.3 Removal. Any officer or agent may be removed by majority vote of the entire Board for cause or without cause whenever in its judgment the best interests of the Corporation will be served thereby. Neither notice nor a hearing need be given to any officer or agent proposed to be so removed. Election or appointment of an officer or agent shall not in itself create contract rights.
- 3.4 Vacancies. A vacancy in any office, however occurring, may be filled by the Board for the unexpired portion of the term.
- 3.5 Powers and Duties of the Chief Executive Officer. The Chair of the Board shall be the Chief Executive Officer of the Corporation. Subject to the control of the Board and the Executive Committee, the Chief Executive Officer shall have general executive charge, management and control of the properties, business and operations of the Corporation

with all such powers as may be reasonably incident to such responsibilities; may agree upon and execute all leases, contracts, evidences of indebtedness and other obligations in the name of the Corporation; and shall have such other powers and duties as designated in accordance with these bylaws and as from time to time may be assigned to him or her by the Board. He or she shall preside at all meetings of the Members and of the Board.

3.6 Vice-Chair. The Vice-Chair shall assist the Chair and shall perform such duties as may be assigned to him or her by the Chair or by the Board. In the absence of the Chair, the Vice-Chair shall have the powers and perform the duties of the Chair. In addition, the Vice-Chair shall have such other powers and duties as from time to time may be assigned to him or her by the Chair or by the Board.

3.7 Secretary. The Secretary shall: (a) keep the minutes of the proceedings of the Members, the Executive Committee and the Board; (b) see that all notices are duly given in accordance with the provisions of these bylaws or as required by law; (c) be custodian of the records and of the seal of the Corporation and affix the seal to all documents when authorized by the Board; (d) keep at the Corporation's principal place of business within the State of Texas a record containing the names and addresses of all Members; and (e) in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him or her by the Chair or by the Board.

3.8 Executive Director; Other Officers. The Board may select and appoint an Executive Director and any other employees to serve at the pleasure of the Board. At the discretion

of the Board, the Executive Director may be an independent contractor or an employee of the corporation. The Executive Director and any other such employees duly selected and appointed employees shall receive such compensation and other benefits as the Board may determine, and, additionally shall be entitled to reimbursement of expenses for attendance at official meetings of and official functions for the Corporation.

ARTICLE IV. Membership

- 4.1 Eligibility. Any political subdivision that approves the Articles of Incorporation and these Bylaws by ordinance, resolution, or order adopted by the governing body of the political subdivision and that purchases electricity for one or more of their respective public facilities is eligible for membership in Cities Aggregation Power Project, Inc., subject to the right of the Board to determine eligibility and conditions of membership, and subject further to the authority of the Board to terminate membership of any Member as provided herein, or in any agreement made between the Member and the Corporation.
- 4.2 Representation. Each Member shall appoint, by formal action by its governing body, a representative to act for it at the meetings of Members and shall give to the chair of the Board of Directors in writing the name of the person thus appointed. Only appointed representatives may act on behalf of Members in the conduct of business of the corporation. If at any time, a Member withdraws from participation or otherwise has its membership status terminated, that Member shall no longer have a representative in the

Membership, on the Board, or on any committee of the Corporation. Each Representative will serve until a successor is appointed.

4.3 Withdrawal. Any Member may withdraw from participation in the activities of the Corporation at any time upon thirty (30) days notice, whereupon it shall cease to be a Member, shall cease to be entitled or obligated to participate in the activities of all committees and subcommittees of the Board of Directors and shall have no further obligations as a Member; provided, however, that if such notice is given more than thirty (30) days after such Member's receipt of its statement of annual dues, fees and expenses for a fiscal year, the Member shall be obligated to pay for the full fiscal year within which such termination is effective.

4.4 Voting Rights. Voting rights are limited to Members. Until December 31, 2003 each Member shall be entitled to one vote at any regular or special meeting of the Members upon all matters of business, which vote or votes may be exercised in person or by mail by a representative of the Member duly authorized in writing; provided, however, that proxy and cumulative voting shall be prohibited. Thereafter, votes will be based upon the proportionate aggregation electric load of the Members.

4.5 Annual Meetings. The annual meeting of the Members shall be held at a time and on a date selected by the Chair of the Board, with written notice to each Member, for the purpose of electing Directors, receiving the annual report from the Board, and for the transaction of such other business as may come before the meeting. If the day fixed for

the annual meeting shall be a legal holiday in the State of Texas, such meeting shall be held on the next succeeding business day.

4.6 Special Meetings. Special meetings of the Members, for any purpose, unless otherwise prescribed by statute, may be called by the Board, and shall be called by the Chair of the Board or by the Secretary at the request of not less than one-tenth (1/10) of all of the outstanding Members of the Corporation.

4.7 Place of Meeting. The Board may designate the place for any annual meeting or for any special meeting called by the Board. If no designation is made, or if a special meeting shall be called otherwise than by the Board, the place of meeting shall be the principal office of the Corporation in Texas.

4.8 Notice of Meeting: Voting by Ballots Forwarded by Mail. (a) Written or printed notice stating the place, day and hour of the meeting, and, in case of a special meeting, the purposes for which the meeting is called, shall be delivered, not less than ten (10) nor more than fifty (50) days before the date of the meeting (either personally or by mail), by or at the direction of the Chair of the Board or the Secretary to each Member entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. In order that Members may vote by mail, each notice of meeting shall include a ballot containing each issue to be voted at that meeting and instructions as to the date by which such ballot must be postmarked in order for the vote to be counted.

(b) Whenever notice is required in this Section 4.8 of Article IV, a waiver thereof in writing signed by the Member, whether before, at, or after the time stated therein, shall be equivalent to such notice. By attending a meeting, a Member waives objections to lack of notice or defective notice of such meeting unless the Member, at the beginning of the meeting, objects to the holding of the meeting or the transacting of business at the meeting. Further, a Member waives objection to consideration at such meeting of a particular matter not within the purpose or purposes described in the meeting notice unless the Member objects to considering the matter when it is presented.

4.9 Quorum. A quorum for the election of Directors, and conducting normal business at all meetings of the Members shall be twenty-five percent of the Members present in person or voting by mail.

4.10 Informal Action by Members. Any action required to be taken at a meeting of the Members, or any other action which may be taken at a meeting of the Members, may be taken without a meeting if a consent or consents in writing, setting forth the action so taken, shall be signed by all of the Members with respect to the subject matter thereof. Such consent or consents shall have the same force and effect as a unanimous vote of the Members.

ARTICLE V. Funding

- 5.1 Generally. Funding of the corporation shall be by member political subdivisions through the assessment of dues or through an aggregation fee charged per kilowatt-hour, or a combination of both as determined appropriate by the Board of Directors.
- 5.2 Initial Membership Fee. The initial membership fee shall be based upon ½ of 1% of the total annual electric bill of 2000. Such fee shall not exceed \$14,000. The initial fee will be credited against future administrative fees imposed after December 31, 2003. It is permissible for political subdivisions to pay the fee prior to formally joining the corporation and be credited with payment of the fee after a resolution approving the articles of incorporation and by-laws is passed by the political subdivision.
- 5.3 Board Authority. The Board shall have the authority to establish membership dues, an aggregation fee, or both, to be applicable to all Members of the Corporation. The Board may amend such dues and fees at its discretion. The Board shall have the authority to establish appropriate penalties that may be assessed against a Member for failure to pay the dues, aggregation fee, or both, established by the Board.
- 5.4 Statements. Membership fees will be billed annually; statements for other fees and expenses will be provided monthly as needed. Due dates for fees and expenses will be determined by the Board.

5.5 Books and Records. All Members of the corporation will have access to the books and records of the corporation, including financial statements and budgets; however, the Board of Directors may adopt policies that provide reasonable protection against the unnecessary disclosure of information to individual employees.

ARTICLE VI. Indemnification

6.1 Liability. A Director, officer, employee or agent of the Corporation who performs his or her duties in good faith, in a manner he or she reasonably believes to be in the best interests of the Corporation, and with such care as an ordinarily prudent person in a like position would use under similar circumstances, shall not have any liability by reason of being or having been a Director, officer, employee or agent of the Corporation and shall not have any liability for any action taken by any employee, agent or independent contractor selected with reasonable care, or for any loss incurred through the investment of or failure to invest monies of the Corporation or any Trust Account. No Director, officer, employee or agent shall be liable for any action taken or omitted by another Director, officer, employee or agent.

6.2 **INDEMNIFICATION. EACH PERSON WHO AT ANY TIME SHALL SERVE, OR SHALL HAVE SERVED, AS A DIRECTOR, OFFICER, EMPLOYEE OR AGENT OF THE CORPORATION, OR ANY PERSON WHO, WHILE A DIRECTOR, OFFICER, EMPLOYEE OR AGENT OF THE CORPORATION, IS**

OR WAS SERVING AT ITS REQUEST 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 ENTITLED TO INDEMNIFICATION AS, AND TO THE FULLEST EXTENT, PERMITTED BY ARTICLE 1396 2.22A OF THE TEXAS NON PROFIT CORPORATION ACT OR ANY SUCCESSOR STATUTORY PROVISION, AS FROM TIME TO TIME AMENDED, SUCH ARTICLE OR SUCCESSOR PROVISION, AS SO AMENDED, BEING INCORPORATED IN FULL IN THESE BYLAWS BY REFERENCE. THE FOREGOING RIGHT OF INDEMNIFICATION SHALL NOT BE DEEMED EXCLUSIVE OF ANY OTHER RIGHTS TO WHICH THOSE TO BE INDEMNIFIED MAY BE ENTITLED AS A MATTER OF LAW OR UNDER ANY AGREEMENT, VOTE OF DISINTERESTED DIRECTORS, OR OTHER ARRANGEMENT. IT IS EXPRESSLEY ACKNOWLEDGED THAT THE INDEMNIFICATION PROVIDED IN THIS ARTICLE COULD INVOLVE INDEMNIFICATION FOR NEGLIGENCE OR UNDER THEORIES OF STRICT LIABILITY.

6.3 Advance Payment. The right to indemnification conferred in this Article VI 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 2 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 VI 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 VI or otherwise.

6.4 Appearance as a Witness. Notwithstanding any other provision of this Article VI, 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.

6.5 Non-exclusivity of Rights. The right to indemnification and the advancement and payment of expenses conferred in this Article VI shall not be exclusive of any other right which a Director or officer or other person indemnified pursuant to this Article VI 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 members or disinterested Directors or otherwise.

6.6 Savings Clause. If this Article VI 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 VI as to costs, charges and expenses (including attorneys' fees), judgments, fines and in 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 VI that shall not have been invalidated and to the fullest extent permitted by applicable law.

ARTICLE VII. CODE OF CONDUCT

7.1 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.

7.2 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 benefitted by the action. A person has a substantial interest in a business (i) if his or her ownership interest is ten percent or more of the voting stock or shares of the business entity or ownership of \$15,000 or more of the fair market value of the business entity, or (ii) if the business entity provides more than ten percent of the person's gross income. A person has a substantial interest in real property if the interest is an equitable or legal ownership with a fair market value of \$2,500 or more. An interest of a person related in the first degree by affinity (marriage relationship) or consanguinity (blood relationship) to a Director or officer is considered a substantial interest.

(b) If a Director or a person related to a Director in the first degree by affinity or the first 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 Corporation will receive a similar pecuniary benefit.

(d) An employee of a public entity may serve on the Board. It is specifically recognized that as an official or employee of a public entity, that person's primary loyalty is to the political subdivision that employs them. It shall not be a conflict of interest for said Board member to express opinions or vote in a manner that reflects the self-interest of the public entity that the Board member represents.

7.3 Acceptance of Gifts. No Director or officer 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 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 discretion. As used here, a 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 or she 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 \$50 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 if reported as may be required by law.

7.4 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 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 duty imposed by law on the Director or officer.

7.5 Nepotism. No Director or officer shall appoint, or vote for, or confirm the appointment to any office, position, clerkship, employment or duty, of an 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. Miscellaneous Provisions

8.1 Fiscal Year. The fiscal year for the Corporation shall begin October 1 and end September 30. This fiscal year shall also be referred to as the Corporation Year.

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

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

- 8.4 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.
- 8.5 Amendments. These bylaws may be amended by the Board after notice of the proposed amendments has been mailed to each Director of the Board at least ten (10) days prior to the day of the meeting to consider same. The Board shall recommend such changes as it deems necessary or desirable from time to time. Any amended Bylaws shall be signed by the Chair and attested to by the Secretary. A copy of any amendment shall be mailed immediately after its adoption to each Member.
- 8.6 Conflicts of Interest. Each Director, committee member and subcommittee member shall have an affirmative duty to disclose to the Board of Directors, the committee or subcommittee (as the case may be) any actual or potential conflicts of interest between such Director, committee member or subcommittee member, and the Corporation where, and to the extent that, such conflicts or potential conflicts directly or indirectly affect any matter that comes before the Board of Directors, or any committee or subcommittee. It shall not be a conflict of interest for a Director, committee member or subcommittee member to express opinions or vote the interests of the political subdivision Member that employs that individual.