

**CERTIFICATE OF FORMATION
OF
CORPUS CHRISTI B CORPORATION**

THE STATE OF TEXAS §

COUNTY OF NUECES §

CITY OF CORPUS CHRISTI §

WE, THE UNDERSIGNED natural persons not less than three in number each of whom is at least 18 years of age and each of whom is a qualified elector of the City of Corpus Christi, Texas (the “City”), which is a duly established city under the Texas Constitution, acting as incorporators of a public instrumentality and nonprofit development corporation (the “Corporation”) under the Development Corporation Act of 1979, as amended, do hereby adopt the following Certificate of Formation.

ARTICLE I: NAME

The name of the Corporation is the Corpus Christi B Corporation.

ARTICLE II: AUTHORIZATION

The Corporation is a nonprofit corporation under the Texas Non-Profit Corporation Act (the “Non-Profit Act”), Chapter 22 of the Texas Business Organizations Code, and a Type B corporation under the Development Corporation Act of 1979, Chapters 501-505 of the Texas Local Government Code (the “Act”), and shall be governed by Chapter 505 and other applicable provisions of said Act, as now existing or as may be amended.

ARTICLE III: DURATION

The period of duration of the Corporation shall be until December 31, 2038.

ARTICLE IV: PURPOSE AND LIMITATIONS

The Corporation is organized exclusively for the purposes of benefiting and accomplishing the public purposes of and acting on behalf of the City to undertake, maintain, and finance projects authorized through Proposition 1 on the election ballot for November 8, 2016. Said Proposition 1 is described in Section 7 of the City’s Ordinance No 030930 (August 16, 2016) and was approved by the voters of Corpus Christi on November 8, 2016. As authorized by the voters of the City, the Corporation may expend monies as follows: (a) 50% of the annual funds may be expended on the promotion and development of new and expanded business enterprises to the full extent allowed by Texas law; (b) up to \$500,000 annually may be expended on affordable housing; and (c) the remainder of the annual funds may be expended for construction, maintenance, and repair of

arterial and collector streets and roads. With respect to said projects, the Corporation shall have all the powers of a corporation under Chapter 505 and other applicable provisions of the Act. All actions of the Corporation shall be taken in accordance with the provisions of the Act, with the advice and consent of the Corpus Christi City Council (the "City Council").

ARTICLE V: NO MEMBERS, NONSTOCK CORPORATION

The Corporation has no members and is a nonstock corporation.

ARTICLE VI: SALES TAX

Upon receipt from the City of the proceeds of the sales and use tax imposed under Chapter 505 of the Act, the Corporation may use the proceeds as permitted hereby and by the Act as now existing or as may be amended.

ARTICLE VII: AMENDMENT

This Certificate of Formation may be amended in accordance with the requirements of the Act.

ARTICLE VIII: REGISTERED ADDRESS/AGENT

The address of the initial registered office of the Corporation is Corpus Christi B Corporation, City of Corpus Christi, P.O. Box 9277, Corpus Christi Texas 78469-9277. The name of its registered agent at such address is Rebecca Huerta, City Secretary, City of Corpus Christi.

ARTICLE IX: BOARD OF DIRECTORS

- (a) The affairs of the Corporation shall be managed by a board of directors composed of seven persons appointed by the City Council. The term of three of the initial members of the board of directors shall expire September 30, 2017 and the term of the remaining four members shall expire September 30, 2018. Thereafter the term of the directors shall be two years expiring on September 30 of each year. Directors may be appointed to succeed themselves. No Director may serve longer than six years consecutively unless such service is required to complete an unexpired term. Each director must be a resident of the City.
- (b) The names and street addresses of the persons who are to serve as the initial directors and the dates of expiration of their initial terms as directors are as follows:

NAMES

ADDRESSES

Each director is and must be a qualified elector of the City. Each director including the initial directors shall be eligible for reappointment. Each director shall serve until a successor is appointed. Directors are removable by the City Council at any time without cause.

- (c) The directors shall serve without compensation but they may be reimbursed for their actual expenses incurred in the performance of their duties as directors. Any vacancy occurring on the board of directors shall be filled by appointment by the City Council of a person who shall hold office until the expiration of the term.
- (d) The board of directors shall elect a president, vice-president, secretary, and any other officers that the City Council considers necessary to serve as executive officers of the Corporation as more specifically provided in the Corporation's Bylaws. The term of each officer's office shall expire on September 30 of each year. The City Manager, or designee, shall serve as executive director of the Corporation and the City Secretary shall serve as assistant secretary to provide administrative support services for the corporation.
- (e) The board shall conduct all meetings within the boundaries of the City. Meetings of the board of directors are subject to the Texas Open Meetings Act and the Texas Public Information Act.
- (f) Pursuant to Texas Local Government Code §505.052(c), three of the directors must be persons who are **not** employees, officers, or members of the governing body of the City.

ARTICLE X: INCORPORATORS

The name and street address of each incorporator are

NAME

ADDRESS

Margie C. Rose

City of Corpus Christi, City Hall
1201 Leopard, Corpus Christi, Texas 78401

Samuel Keith Selman

City of Corpus Christi, City Hall
1201 Leopard, Corpus Christi, Texas 78401

Mark Van Vleck

City of Corpus Christi, City Hall
1201 Leopard, Corpus Christi, Texas 78401

ARTICLE XI: CITY COUNCIL APPROVAL

The City has specifically authorized the Corporation by Resolution No. _____ to act on its behalf to further the public purposes stated in said Resolution and in this Certificate of Formation and the City has by said Resolution on _____, _____ approved this Certificate of Formation.

ARTICLE XII: DIVIDENDS, PROHIBITED ACTIVITIES

No dividends shall ever be paid by the Corporation and no part of its net earnings (beyond that necessary for retirement of the indebtedness of the Corporation or to implement its public purposes) shall be distributed to or inure to the benefit of its directors or officers or any private person, firm, corporation, or association, except in reasonable amounts for services rendered. Regardless of any other provisions of this Certificate of Formation, or the laws of the State of Texas, the Corporation shall not (1) permit any part of the net earnings of the Corporation to inure to the benefit of any private individual (except that reasonable compensation may be paid for personal services rendered to or for the Corporation affecting one or more of its purposes), (2) carry on propaganda or otherwise attempt to influence legislation, (3) participate in or intervene in (including the publication or distribution of statements) any political campaign on behalf of any candidate for public office, or (4) attempt to influence the outcome of any specific public election or to carry on directly or indirectly any voter registration drives.

ARTICLE XIII: REMEDY UPON DETERMINATION OF FOUNDATION STATUS

If the Corporation is ever determined to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code of 1986 as amended (the Code) the Corporation

- 1) shall distribute its income for each taxable year at such time and in such manner as not to become subject to the tax on undistributed income imposed by Section 4942 of the Code;
- 2) shall not engage in any act of self-dealing as defined in Section 4941(d) of the Code;
- 3) shall not retain any excess business holdings as defined in Section 4943(c) of the Code;
- 4) shall not make any investments in such manner as to subject it to tax under Section 4944 of the Code; and
- 5) shall not make any taxable expenditures as defined in Section 4945(d) of the Code.

ARTICLE XIV: TERMINATION

Upon termination of the Corporation, the title to all funds and property owned by the Corporation shall be transferred to the City of Corpus Christi.

Margie C. Rose

Samuel Keith Selman

Mark Van Vleck

STATE OF TEXAS §
 §
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I, the undersigned, a Notary Public, do hereby certify that on this ____ day of _____, _____ personally appeared Margie C. Rose, Samuel Keith Selman, and Mark Van Vleck, who, each being by me first duly sworn, severally declared that they are the persons who signed the forgoing documents as incorporators, and that the statements therein contained are true.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of office the day and year above written.

Notary Public, State of Texas