



**Amended and Restated
Bylaws of the
Port of Houston Authority of Harris County, Texas
Amended November 19, 2013**

PREAMBLE

A. The Port of Houston Authority of Harris County, Texas (the “Port Authority”), a governmental subdivision of the State of Texas, was created by Harris County voters on January 10, 1911 as the Harris County Houston Ship Channel Navigation District (the “Navigation District”). Its establishment as a navigation district under Article III, Section 52 of the Texas Constitution, and issuance of bonds to help sponsor and fund dredging and maintenance of the Houston Ship Channel, were authorized pursuant to Chapter 15, Acts of the 31st Legislature, 1909 R.S. (the “1909 Act”).

B. In 1922, the Navigation District assumed responsibility for operations and maintenance of the City of Houston’s wharves and docks along the Houston Ship Channel, pursuant to Chapter 30, Acts of the 37th Legislature, 1921 2nd C.S. (the “1921 Act”), by which the Board of Navigation and Canal Commissioners, the governing body of the Navigation District, succeeded to the duties of the City of Houston Harbor Board.

C. Chapter 97, Acts of the 40th Legislature, 1927 R.S., set forth that the duty of the Navigation District is “the development of deep water navigation and the improvement of rivers, bays, creeks, streams, and canals.” It also mandated that the Navigation District “acquire, purchase, undertake, construct, maintain, operate, develop, and regulate wharves, docks, warehouses, grain elevators, bunkering facilities, belt railroads...and all other facilities or aids incident to or necessary to the operation of ports or waterways within said District and extending to the Gulf of Mexico.”

D. Pursuant to Chapter 117, Acts of the 55th Legislature, 1957 R.S., the Navigation District was converted to a district operating under Article XVI, Section 59 of the Texas Constitution.

E. By Chapter 42, Acts of the 62nd Legislature, 1971 R.S., the Navigation District was officially renamed the Port of Houston Authority of Harris County.

F. By Chapter 1042, Acts of the 70th Legislature, 1987 R.S., the seven member Port Commission was created as the governing body of the Port Authority (the “Port Commission”).

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G. By Chapter 139, Acts of the 83rd Legislature, 2013 R.S. (the “2013 Act”), Subtitle A, Title 5, Special District Local Laws Code was amended by adding Chapter 5007, Port of Houston Authority of Harris County, Texas.

H. The Port Authority principally operates under the 2013 Act and Chapters 60, 61, and 62 of the Texas Water Code, and under the 1909 Act and the 1921 Act. Pursuant to these authorities, the bylaws of the Port Commission are as follows:

ARTICLE I
Offices, Domicile, and Service

Section 1. Offices. The principal executive offices of the Port Authority are located in Houston, Harris County, Texas. The Port Authority may have such other offices as the business of the Port Authority may require or otherwise establish, as determined by the Port Commission.

Section 2. Domicile. The domicile of the Port Authority is Harris County, Texas.

Section 3. Service of Process. The Port Authority may be served through its Executive Director or other senior-most staff manager of the Port Authority (“Executive Director”), or General Counsel or other senior-most staff attorney of the Port Authority (“General Counsel”).

ARTICLE II
Port Commission

Section 1. General Powers. The responsibility for the management, control, and operation of the Port Authority and its properties is vested in the Port Commission. The Port Commission has responsibilities that include:

- a. Framing and adoption of matters of policy including but not limited to budget, goals, vision, and plans;
- b. Exclusive authority for expenditures out of the Promotion and Development Fund, which may be delegated as directed by the Port Commission;
- c. The sole authority to select, retain, and remove an Executive Director;

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d. The authority to monitor the performance of the Executive Director for compliance with laws, the Port Authority's budget, and with the Port Commission's expectations of his performance, policies, vision, goals, and plans;

e. The authority to approve the selection of consultants by the Chairman (as defined below), to represent the Port Authority in connection with all legislative matters, including contacts with elected officials, and federal, state, and local governments. The Chairman and the Port Commission have sole responsibility to direct consultants regarding Port Authority policy with respect to all legislative matters, and Port Authority staff shall execute directives of the Port Commission as requested;

f. Acting as ambassadors on behalf of the Port Authority, envoys who represent the Port Authority and articulate its vision, mission, and goals to the communities and stakeholders it works with and serves; and

g. By exercising such powers and duties reserved to it under the laws of the State of Texas.

Section 2. Number and Tenure. The Port Commission consists of seven members (collectively "Port Commissioners," individually a "Port Commissioner"): two appointed by a majority of the City Council of the City of Houston, two appointed by a majority of the Harris County Commissioners Court, one appointed by the city council of the City of Pasadena, and one appointed by a majority of the Harris County Mayors' and Councils' Association; and the chairman, appointed in the manner established by the laws of the State of Texas ("Chairman"). The term of office of a Port Commissioner is two years.

Section 3. Qualifications.

a. Each Port Commissioner shall be a qualified elector within the jurisdictional boundaries of the Port Authority.

b. The Port Commissioner appointed by the city council of the City of Pasadena must reside in the City of Pasadena.

c. The Port Commissioner appointed by the Harris County Mayors' and Councils' Association must be a resident of a municipality in Harris County that is located adjacent to the Houston Ship Channel and has a population of less than 100,000.

Section 4. Removal. Any Port Commissioner may be removed from office in the manner established by the laws of the State of Texas.

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Section 5. Vacancies. Any vacancy in a position on the Port Commission, whether by death, resignation, disqualification, incapacity to serve, or removal from office, shall be filled in the manner established by the laws of the State of Texas. Vacancies on the Port Commission shall not impair the power of the Port Commission to conduct the business of the Port Authority.

Section 6. Regular Meetings. The Port Commission shall hold regular meetings as necessary for the purpose of conducting the business of the Port Authority. Regular meetings shall be held at such times, places, and days as the Chairman of the Port Commission shall specify, subject to the provisions of the Texas Open Meetings Act (Tex. Gov't. Code §551.101 et seq.). No further notice of regular meetings is required in addition to notice as required by the Texas Open Meetings Act.

Section 7. Special Meetings. Special meetings of the Port Commission may be called as necessary by the Chairman or by any two Port Commissioners.

a. The Chairman shall fix the time, place, and day for conducting any special meeting of the Port Commission, subject to the provisions of the Texas Open Meetings Act, and provided further that a special meeting called by two Port Commissioners shall be conducted no later than twenty one (21) days following their call for the meeting. Such time, place, and day shall be set out in a written notice of the special meeting delivered to the Port Commission by the Secretary of the Port Commission as provided herein, in addition to notice as required by the Texas Open Meetings Act.

b. The written notice of any special meeting of the Port Commission shall state the purpose or purposes for which such meeting is called.

c. Such notice may be delivered to each Port Commissioner by hand or by facsimile, with a copy by electronic mail in each case. If notice is delivered by hand, such notice shall be deemed to have been delivered when delivered to each Port Commissioner's usual business or residence address at least seventy-two (72) hours prior to the scheduled special meeting. If notice is given by facsimile, such notice shall be deemed to have been delivered when transmitted at least seventy-two (72) hours prior to the scheduled special meeting.

d. A Port Commissioner may waive notice of any special meeting, whether before or after the time of the meeting, by a signed waiver thereof.

e. Attendance of a Port Commissioner at a special meeting shall also constitute a waiver of notice of such meeting, except when a Port Commissioner attends a special meeting for the express and announced purpose of objecting to the transaction of any business, on the grounds that the meeting is not lawfully called or convened, which

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objection shall be voiced at the beginning of the meeting with the request that such objection be entered into the minutes of the meeting.

Section 8. **Meeting Agendas.**

a. The Chairman shall establish the proposed agenda for each regular meeting of the Port Commission and special meetings, with the assistance of the Executive Director.

b. The Chairman shall add any items requested by a Port Commissioner to the proposed agenda of a regular meeting, or special meeting called by the Chairman. The Chairman shall add any items requested by the Chairman or any other Port Commissioner to the proposed agenda of such special meeting.

c. Upon the request of any Port Commissioner, consideration of, or action on, an item placed on the agenda at a regular or special meeting shall be deferred until the next meeting of the Port Commission, provided such deferral will not cause undue hardship, increase the cost of a matter under consideration, or render the item moot. Any Port Commissioner may request such deferral, but only once.

Section 9. **Quorum.** A majority of the Port Commissioners shall constitute a quorum of the Port Commission for the purpose of conducting its business and exercising its powers. If a quorum is not present at any meeting of the Port Commission, a majority of the Port Commissioners present may adjourn the meeting to another time and place. Notice of any such adjourned meeting shall be given to all Port Commissioners in accordance with Section 7 of this Article II.

Section 10. **Procedure at Meetings.**

a. The Chairman shall preside at and conduct the business of all meetings of the Port Commission. In the absence of the Chairman at any meeting, the Chairman Pro Tem (as defined below) shall preside.

b. The Secretary shall act as secretary at all meetings of the Port Commission. In their absence, the Chairman or Chairman Pro Tem of the meeting, as applicable, may designate any person to act as secretary.

c. At meetings of the Port Commission, the business shall be conducted in such order as the Chairman may from time to time determine.

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Section 11. Powers and Duties of Port Commission Officers.

a. Chairman.

i. The Chairman shall preside at all meetings of the Port Commission and shall determine and set the agendas.

ii. The Chairman may undertake such inquiries as necessary to determine if actions of the Port Commission are being carried into effect, and may report his or her findings from time to time to the Port Commission.

iii. The Chairman may execute for and on behalf of the Port Authority instruments or documents of whatever nature which the Port Commission has authorized him or her to execute.

iv. The Chairman shall, in consultation with the Port Commission, select, retain, oversee, direct and terminate professionals that assist the Port Commission with policy matters, or to effectuate directives and policies of the Port Commission, including but not limited to those retained for independent legal advice, state and federal legislative consultants, and others as deemed appropriate by the Chairman and the Port Commission as necessary to effectuate effective oversight and policies of the Port Commission.

v. The Chairman shall appoint all members of committees and task forces of the Port Commission, subject to each member's consent to his or her appointment and Port Commission approval, and as more particularly described in Section 13(c) below.

vi. The Chairman shall perform, in general, all duties incident to the office of Chairman as provided by the laws of the State of Texas, and such other duties as may be prescribed by these bylaws or assigned to him or her by the Port Commission from time to time.

b. Chairman Pro Tem. When the Chairman is absent from a meeting of the Port Commission, the Port Commissioner appointed by the Chairman to serve, or if one has not been designated by the Chairman to serve, the senior-most Port Commissioner in attendance, shall preside at such meeting as Chairman Pro Tem.

c. Secretary. The Port Commission shall name a Secretary of the Port Commission, who may be a Port Commissioner, the General Counsel, or the Executive Director of the Port Authority.

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i. The Secretary shall keep the permanent records of all proceedings of the Port Authority, shall keep the minutes of all official meetings of the Port Commission in one or more books provided for such purpose, and shall see that notices of Port Commission meetings are duly given in accordance with the provisions of these bylaws and as required by the laws of the State of Texas.

ii. The Secretary shall be custodian of the seal of the Port Authority and shall, as may be necessary or appropriate, execute or affix the seal of the Port Authority to any instruments or documents of whatever nature which the Port Commission has authorized to be executed or which a Port Commissioner, officer, or staff member of the Port Authority has authority to execute, and attest to same if such attestation is necessary or advisable.

iii. The Secretary shall perform, in general, all the duties incident to the office of Secretary as provided by the laws of the State of Texas, and such other duties as may be prescribed by these bylaws or assigned to him or her by the Port Commission from time to time.

iv. The Secretary of the Port Commission shall hold office until death, resignation, disqualification, incapacity to serve, or removal from office.

d. Assistant Secretaries.

i. The Port Commission may from time to time appoint one or more Assistant Secretaries.

ii. Any Assistant Secretary of the Port Authority may perform all the duties and exercise all the powers of the Secretary in case of the absence or disability of the Secretary, or otherwise upon request of the Chairman, the Port Commission, or the Secretary.

iii. Assistant Secretaries of the Port Commission shall hold office until death, resignation, disqualification, incapacity to serve, or removal from office.

e. Parliamentarian. The General Counsel, or his or her designated representative, shall serve as Parliamentarian to the Port Commission.

Section 12. Powers and Duties of Executive Director and Port Authority Employees.

a. The Executive Director has the authority to manage the operations, work, activities and affairs, and properties and facilities of the Port Authority, as directed by the Port Commission, as required in connection with discharge of his duties, and within the

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limits prescribed by law. Such delegation of powers and duties shall not include those specifically reserved to the Port Commission under the laws of the State of Texas, these bylaws, and as the Port Commission may specify from time-to-time.

b. The Executive Director has the authority to undertake and discharge the following duties, subject to the provision of Section 12(a) above:

i. Subject to the budgetary constraints and policy directives of the Port Commission, employ, supervise, and discharge employees, establish positions and salaries for employees, and authorize other persons to act on his behalf.

ii. Collect revenues and moneys due the Port Authority and deposit them to the accounts of the Port Authority;

iii. Make purchases and enter into contracts in accordance with Port Commission policies and directives;

iv. If directed by the Chairman or Port Commission, and only after consultation with the Port Commission and the Chairman to receive necessary policy direction, administer the Port Authority's relations with public and private bodies, agencies, and associations, and serve such entities in such capacity as may be directed by the Port Commission, or required in connection with discharge of his duties after consultation with the Port Commission;

v. Make such reports to the Port Commission and other authorities as the Port Commission directs, or as required in connection with discharge of his duties;

vi. Keep and maintain all other records, accounts, books, files, and papers of the Port Authority, except those pertaining to the duties and functions of the Harris County Treasurer, Harris County Auditor, and Harris County Tax Assessor and Collector;

vii. Sign, attest, certify, or deliver, on behalf of the Port Authority, agreements, deeds, leases, month-to-month rental agreements, licenses, franchises, permits, minutes, notices, accounts, receipts, invoices, warrants, requisitions, vouchers, checks, records, and other instruments, as required in the lawful and proper discharge of his duties or otherwise pursuant to applicable law, or as may be approved or as directed by the Port Commission; and

viii. Perform all other duties of the Executive Director and general manager of the Port Authority, as required by law.

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c. The Executive Director may formally and in writing delegate his powers, duties, and related authority to one or more Port Authority employees.

d. The Executive Director may travel as deemed appropriate or necessary to execute the duties and responsibilities of the Executive Director, but any such travel is subject to the same rules, regulations, and oversight as those established for Port Commissioners.

e. The Executive Director shall perform such other duties and discharge such other authorities as the Port Commission may specify from time-to-time.

f. Any or all of the duties and authorities of the Executive Director as specified above or later prescribed by the Port Commission are subject to change or cancellation by the Port Commission at any time.

Section 13. Port Commission Committees and Task Forces.

a. The five standing committees or task forces of the Port Commission are Audit, Community Relations, Governance, Pension and Benefits, and Procurement and Small Business Development. The Chairman may create additional task forces or committees as deemed appropriate.

b. Any Port Commissioner may request from time to time that the Port Commission establish additional Port Commission committees or task forces, or abolish one or more of the standing committees or task forces which may be considered by the Chairman in his/her sole discretion.

c. The Chairman shall appoint the chairs and members of the standing committees of the Port Commission at least annually, at the regular June meeting of the Port Commission, or when a vacancy occurs in a standing committee, and at such other times as the Chairman considers necessary or appropriate. Such appointments are subject to the provisions of Section 11 (a)(v) above.

d. The Chairman shall appoint the chairs and members of any other committees or task forces of the Port Commission at least annually, at the annual anniversary of the organization of such committees or task forces, or when a vacancy occurs, and at such other times as the Chairman considers necessary or appropriate. Such appointments are subject to the provisions of Section 11 (a)(v) above.

e. Members of the committees and task forces of the Port Commission shall be Port Commissioners.

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f. A Port Commissioner may refer any matter to the appropriate established Port Commission committee or task force for consideration.

g. Meetings of each committee of the Port Commission shall be held at such times, places, and days as the chair of such committee shall specify, subject to the provisions of the Texas Open Meetings Act. Such time, place, and day shall be set out in a written notice of the meeting delivered to such committee members by the Secretary of the Port Commission as provided herein, in addition to notice as required by the Texas Open Meetings Act.

h. Meetings of each task force of the Port Commission shall be held at such times, places, and days as the chair of such task force shall specify. Such time, place, and day shall be set out in a written notice of the meeting delivered to such committee members by the Secretary of the Port Commission as provided herein.

i. Such notice may be delivered to each committee or task force member by hand, by facsimile, or by electronic mail. Such notice shall be deemed to have been delivered when delivered to each Port Commissioner's usual business or residence address, or transmitted by facsimile or electronic mail, at least seventy-two (72) hours prior to the scheduled meeting.

j. A Port Commissioner may waive notice of any committee or task force meeting, whether before or after the time of the meeting, by a signed waiver thereof.

k. Committees of the Port Commission may have authority to supervise or control the public business of the Port Authority, if such authority is delegated by formal action of the Port Commission.

l. Task forces of the Port Commission shall be advisory bodies, and shall not have any authority to supervise or control the public business of the Port Authority.

Section 14. Expenses. Each Port Commissioner shall be reimbursed for his or her necessary and reasonable expenses incurred in the discharge of duties as Port Commissioner subject to the policy in place for travel and expenditures.

Section 15. Parliamentary Rules.

a. The latest version of *Robert's Rules of Order*, as from time to time revised, shall govern the proceedings of the Port Commission and its committees and task forces, except where inconsistent with the laws of the State of Texas or these bylaws. *Robert's Rules of Order Newly Revised*, 11th edition, is in effect as of the date of the amendment of these bylaws. The General Counsel shall maintain a copy of the latest

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version of *Robert's Rules of Order* in the offices of the Port Authority, and shall provide each Port Commissioner with *Robert's Rules of Order, Newly Revised, In Brief*, as from time to time revised, or its successor or an equivalent publication. *Robert's Rules of Order, Newly Revised, In Brief*, 2nd edition, is in effect as of the date of the amendment of these bylaws.

b. Those Port Commissioners present at each meeting of the Port Commission shall be recorded by the Secretary or one of the Assistant Secretaries in the minutes of the meeting.

c. Action may be taken by the Port Authority upon a vote of a majority of the Port Commissioners present, unless the act of a greater number shall be required by the laws of the State of Texas or by these bylaws.

d. Any person serving as a Port Commissioner, including any person serving in the office of Chairman, or member of a Port Commission committee or task force, who is present at a meeting of the Port Commission or committee or task force, as applicable, at which action on any Port Authority matter is taken, is presumed to have assented to the action taken, unless:

i. His or her dissent, abstention, or recusal is entered in the minutes of the meeting;

ii. Such Port Commissioner files his or her written dissent, abstention, or recusal regarding such action with the Secretary or an Assistant Secretary before the adjournment of the meeting: or

iii. Such Port Commissioner forwards such dissent, abstention, or recusal by hand delivery to the Secretary or an Assistant Secretary promptly after the adjournment of the meeting. The right to subsequent dissent does not apply to a Port Commissioner who voted in favor of an action of the Port Commission, in the event such subsequent dissent would alter the outcome of such action.

e. The votes cast by each Port Commissioner present at each meeting of the Port Commission, or recusal or abstention by a Port Commissioner with respect to a matter, shall be recorded by the Secretary or one of the Assistant Secretaries in the minutes of the meeting.

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Section 16. Relinquishment of Duties.

a. Any Port Commissioner or Port Commission officer may resign and relinquish his or her duties at any time, as provided hereafter. Such resignation shall be made in writing and delivered to the members of the appointing body.

b. The resignation of a Port Commissioner shall take effect when his or her successor is duly appointed and qualified, provided the duties of a Port Commissioner shall be relinquished upon his or her earlier death, disqualification, incapacity to serve, or removal from office.

c. The resignation of a Secretary or Assistant Secretary of the Port Commission shall take effect at the time specified therein, or if no time is specified, at the time of its receipt by the Chairman or Secretary, respectively, provided the duties of a Secretary or Assistant Secretary shall be relinquished upon his or her earlier death, resignation, disqualification, incapacity to serve, or removal from office.

d. The acceptance of a resignation of a Port Commissioner or Port Commission officer shall not be necessary to make it effective, unless expressly so provided in the resignation.

ARTICLE III
Contracts and Indebtedness

Section 1. Contracts.

a. The Port Commission may through action at a regular or special meeting authorize the Chairman or the Executive Director, or his representative, to enter into any contract or execute and deliver any other instrument or document in the name of and on behalf of the Port Authority, and such authority may be general or confined to specific instances or categories of matters.

b. All such instruments and documents authorized by the Port Commission shall be executed by either the Chairman or the Executive Director, or their designated representatives.

c. Any instrument or document providing for monetary or non-monetary obligations of the Port Authority shall be approved as to its form by the General Counsel or one of his or her designated representatives, and unless so approved is void and of no effect as to the Port Authority.

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Section 2. Indebtedness. The Port Authority shall not incur indebtedness, nor shall evidence of indebtedness be issued in its name, unless authorized by action of the Port Commission, executed by the Chairman or Executive Director, and attested by the Secretary or an Assistant Secretary.

Section 3. Ad Valorem Tax Supported Obligations. Harris County Commissioners Court and the Harris County Tax Assessor and Collector shall have such duties, with respect to ad valorem tax supported obligations of the Port Authority, as provided by the laws of the State of Texas.

ARTICLE IV
Banking and Investments

Section 1. Checks, Drafts, etc. All checks, drafts, notes, or other orders for the payment of funds issued in the name of the Port Authority shall be signed by such officers or employees of the Port Authority as shall from time to time be authorized by action of the Port Commission or as otherwise provided by the laws of the State of Texas.

Section 2. Depositories.

a. All funds of the Port Authority, except petty cash, shall be deposited from time-to-time to the credit of the Port Authority in such banks as the Port Commission may from time to time designate, and upon such terms and conditions as shall be fixed by the Port Commission, and as otherwise provided by the laws of the State of Texas and required by orders or resolutions authorizing the issuance of Port Authority indebtedness.

b. The Port Commission may from time-to-time authorize the opening and maintaining of general and special accounts within any such depository as it may designate, and may make such special rules and regulations with respect thereto as it may deem necessary.

c. To the extent that funds in any depository bank or banks are not insured by the Federal Deposit Insurance Corporation, they shall be secured in the manner provided for by the laws of the State of Texas.

Section 3. Investments.

a. The Port Commission, by action and as provided by the laws of the State of Texas, may authorize representatives of the Port Authority to invest and reinvest the funds of the Port Authority and withdraw funds from the appropriate accounts of the Port Authority for investment on terms the Port Commission considers advisable.

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b. Such investments must be made pursuant to the policies of the Port Authority as adopted by the Port Commission from time to time and as otherwise provided by the laws of the State of Texas.

Section 4. Treasurer. The Harris County Treasurer shall have such duties with respect to Port Authority funds as provided by the laws of the State of Texas.

ARTICLE V
Audit and Budget

Section 1. Audit.

a. Each year the Port Commission shall have an audit of the affairs of the Port Authority conducted by an independent certified public accountant or a firm of independent certified public accountants, as provided by the laws of the State of Texas, which audit shall be open to public inspection.

b. Such auditors shall have no personal interest directly or indirectly in the fiscal affairs of the Port Authority and shall be experienced and qualified in the accounting and auditing of public bodies.

c. The Port Authority's auditors may undertake consulting services for the Port Authority in addition to their duties in connection with the annual audit.

Section 2. Internal Audit.

a. The Port Commission shall establish an internal audit procedure consistent with the purposes, duties, and standards for state agency internal audit procedures under Chapter 2102 of the Texas Government Code.

b. The Port Commission only shall hire and may fire or suspend a Chief Audit Executive, who shall report to the Port Commission Audit committee or task force. The Chief Audit Executive shall coordinate all audit activity, including:

- i. Compliance reviews;
- ii. Reviews of internal controls;
- iii. Audits by the Harris County Auditor;

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- iv. Contracted audits;
- v. Performance reviews; and
- vi. Investigations of alleged fraud, waste, abuse, or ethics violations.

c. The Chief Audit Executive shall monitor the Port Authority's compliance with statutory requirements governing use of the promotion and development fund, as defined by Texas Special District Local Laws Code Section 5007.219(a).

d. The Port Commission shall create and approve, and the Port Authority shall make available on its website, a risk-based annual audit plan.

e. The Port Authority shall make internal audits available on request to:

- i. The Harris County Auditor; and
- ii. Any entity with the authority to appoint a Port Commissioner.

Section 4. Operating Budget and Capital Plan.

a. Prior to the commencement of a fiscal year, or as soon as possible thereafter, the Port Commission shall adopt an annual operating budget which specifies major expenditures by type and amount. Before the Port Commission adopts its annual operating budget, it shall conduct a public hearing and shall make the proposed annual operating budget available to the public at least seventy-two (72) hours prior to the hearing.

b. The Port Authority may not make operating expenditures in excess of the total budgeted operating expenditures for a fiscal year unless the Port Commission amends the operating budget by action after public notice and hearing.

c. Prior to commencement of a fiscal year, or as soon as possible thereafter, the Port Commission shall adopt a capital plan for the following year. Before the Port Commission adopts such capital plan, it shall conduct a public hearing and shall make the proposed annual capital plan available to the public at least seventy-two (72) hours prior to the hearing.

d. The Port Authority may not award capital expenditures in excess of the capital plan for a fiscal year unless the Port Commission amends the capital plan by action after public notice and hearing.

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e. Port Commission approval of an annual operating budget and capital plan shall be in addition to, and not in lieu of, its approval of expenditures and contracts as required under the laws of the State of Texas.

ARTICLE VI
Indemnification of Port Commissioners

Section 1. Indemnification.

a. It is the intent of the Port Authority to protect its Port Commissioners from defense expense and legal liability through the purchase of appropriate public officials liability insurance, and such other liability insurance as the Port Authority obtains and maintains in force and effect. The Executive Director shall periodically report to the Port Commission on the liability insurance coverage maintained in force covering Port Commissioners as insureds and on proposed changes thereto.

b. To the extent that the Port Authority's liability insurance does not afford coverage with respect to a matter involving a Port Commissioner, it is the express intent of the Port Authority to indemnify its Port Commissioners to the fullest extent allowed by Texas law for liabilities or legal expense arising from conduct (including acts or omissions) that reasonably appears to be within the scope of a Port Commissioner's authority as such.

c. Absent a conflict of interest, a Port Commissioner named as a defendant along with the Port Authority shall be defended by the Port Authority's counsel. Otherwise, in view of the importance of a capable defense, an individual Commissioner's legal expense related to a civil or criminal action, proceeding, subpoena, investigation, or demand is intended to be funded on a current basis. However, in the event a criminal conviction of a Port Commissioner, or finding of breach of the duty of loyalty to the Port Authority or official misconduct, on the part of a Port Commissioner, results from any such matter, all legal expense paid by the Port Authority in connection therewith shall be reimbursed by such Port Commissioner.

d. Port Commissioners who receive notice of a suit, proceeding, subpoena, investigation, or demand related to their service as a Port Commissioner shall promptly inform the General Counsel, who shall determine the applicability of the Port Authority's insurance coverage, and oversee and review requests for funding of any legal expense in connection therewith.

e. Inasmuch as this section is not intended to foreclose any future Port Commission's judgment as to the public interest, all payments under this section

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indemnifying for the liability of a Port Commissioner, or funding the legal expense of Port Commissioner, are subject to Port Commission approval. This section is a non-binding statement of intent and does not create a property interest or a contract and does not waive any of the Port Authority's immunities under law.

Section 2. Other Indemnification Rights. Any right of indemnification granted by this Article VI is in addition to and not in lieu of any other such right to which any Port Commissioner of the Port Authority may at any time be entitled under the laws of the State of Texas or as otherwise provided for by the Port Authority. If any indemnification which would otherwise be granted by this Article VI is disallowed by any competent court or administrative body as illegal or against public policy, then any Port Commissioner with respect to whom such adjudication was made, and any other Port Commissioner, shall be indemnified to the fullest extent permitted by the laws of the State of Texas and public policy.

Section 3. Reporting. Any Port Commissioner requesting indemnification hereunder shall regularly report to the Port Commission regarding the matters that may be subject to such indemnification, as necessary to keep the Port Commission reasonably informed as to such matters.

Section 4. Insurance. The Port Authority may purchase and maintain insurance on behalf of any person who is or was a Port Commissioner of the Port Authority, against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status or former status as Port Commissioner.

Section 5. Heirs, Executors, and Administrators. The indemnification provided herein shall inure to the benefit of the heirs, executors, and administrators of Port Commissioners.

ARTICLE VII

Seal

The seal of the Port Authority shall be in such form as the Port Commission may approve, and such seal, or a facsimile thereof, may be impressed on, affixed to, or in any manner reproduced upon, instruments of any nature required to be executed by officers of the Port Authority as may be provided by the laws of the State of Texas.

ARTICLE VIII
Fiscal Year

The fiscal year of the Port Authority shall be the calendar year, or shall otherwise begin and end on such dates as the Port Commission at any time shall determine by formal action.

ARTICLE IX
Amendments to Bylaws

These bylaws may be altered, amended or repealed, or new bylaws may be adopted, by a majority vote of the Port Commission at any regular meeting of the Port Commission or at any special meeting of the Port Commission for which notices have been provided to each Port Commissioner at least seventy-two (72) hours prior to such meeting, pursuant to Section 6 of Article II.

Certificate by Secretary

The undersigned, being Assistant Secretary of the Port of Houston Authority, certifies that these bylaws, originally adopted by the Port Commission of the Port of Houston Authority by action dated February 28, 2012, Minute No. 2012-0228-05, as amended by the Port Commission by its actions dated February 26, 2013, Minute No. 2013-0226-05, and July 23, 2013, Minute No. 2013-0723-06, are hereby restated to include amendments duly adopted this date.

IN WITNESS WHEREOF, I have signed this certification as of November 19, 2013.

A handwritten signature in cursive script, appearing to read "Erik Eriksson", written in black ink. The signature is fluid and extends across the width of the line below it.

Erik Eriksson, Assistant Secretary