

Agenda item 27

CITY OF SAN ANTONIO INTERDEPARTMENTAL MEMORANDUM CITY MANAGER'S OFFICE

TO: Mayor and City Council

FROM: Christopher J. Brady, Assistant City Manager

SUBJECT: Requesting a resolution authorizing the creation of the "City of San Antonio, Texas Convention Center Hotel Finance Corporation"

DATE: March 24, 2005

SUMMARY AND RECOMMENDATIONS

This resolution would authorize the creation of the "City of San Antonio, Texas Convention Center Hotel Finance Corporation" (Corporation) to finance the development and construction of a new convention center hotel, and approving the Articles of Incorporation and Bylaws for the Corporation.

Staff recommends approval.

BACKGROUND INFORMATION

The City is pursuing the development of a 1,000-room convention center hotel adjacent to the Henry B. Gonzalez Convention Center. On August 24, 2004, the City received proposals from three hotel development teams. On December 21, 2004, the City Council selected FaulknerUSA as the City's Preferred Hotel Developer.

By creating the Corporation, the City seeks to finance a portion of the costs required to develop, construct, furnish and equip a privately-owned hotel to be located on land owned by the City. The Corporation will be a public, nonprofit local government corporation governed by Subchapter D of Chapter 431, Texas Transportation Code (the Act), as amended.

In accordance with the Act, a written application from three residents of the city, who are citizens of the State of Texas and at least 18 year of age, has been filed with the City Council for the creation of the Corporation (Exhibit C). The incorporators are Mayor Ed Garza, J. Rolando Bono, Interim City Manager, and Christopher J. Brady, Assistant City Manager.

The business affairs of the Corporation shall be managed by an eleven-member board of directors, who are members of the City Council and will serve coterminous with their respective terms of office. The board will select officers from its members and include a President (Mayor) and Vice President (to be selected). The City Clerk will serve as Secretary and the City's Finance Director will serve as

Treasurer. The City Manager of the City, or the City Manager's designee, will serve as the Executive Director of the Corporation and will serve as the Chief Administrative Officer of the Corporation and shall exercise such powers and perform such duties as shall be determined by the board.

The Corporation is a duly constituted authority and an instrumentality of the City within the meaning of federal law and regulations (Internal Revenue Code of 1986, 26 U.S.C. §103, as amended). The period of duration of the Corporation is perpetual but may be dissolved with its interest in any funds or property of any kind to be transferred and delivered to the city after the satisfaction or provision of satisfaction of debts and claims.

POLICY ANALYSIS

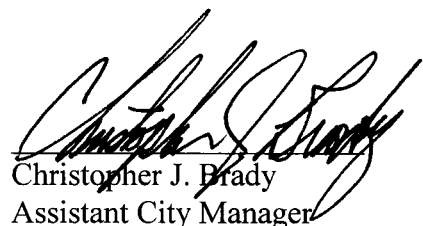
The Corporation is organized solely for the purpose of aiding and acting on behalf of the City to accomplish certain governmental purposes of the City. The City is financing a portion of the cost of the hotel in order to promote economic development and stimulate business and commercial activity in the city. The City will accomplish its purposes by creating the Corporation under the Articles of Incorporation (Exhibit A) and the Bylaws (Exhibit B).

FISCAL IMPACT


There is no direct financial impact associated with this action. While the Corporation is acting on behalf of the city, its agreements, bonds, debts or obligations will never be deemed to be the agreements, bonds, debts or obligations of the City, or any other political corporation, subdivision or agency of the State of Texas, or a pledge of the faith and credit of any of them.

COORDINATION

This item has been coordinated with the City Attorney's Office along with outside co-bond counsel (McCall, Parkhurst & Horton and Escamilla & Poneck), City Clerk's Office, Economic Development Department and the Finance Department.



Christopher J. Brady
Assistant City Manager



J. Rolando Bono
Interim City Manager

3/24/05
ITEM #____

DRAFT DATE: MARCH 14, 2005

RESOLUTION NO. _____

A RESOLUTION

RESOLUTION AUTHORIZING THE CREATION OF THE "CITY OF SAN ANTONIO, TEXAS CONVENTION CENTER HOTEL FINANCE CORPORATION" TO FINANCE THE DEVELOPMENT AND CONSTRUCTION OF A NEW CONVENTION CENTER HOTEL, AND APPROVING THE ARTICLES OF INCORPORATION AND BYLAWS FOR THE CORPORATION

* * * * *

WHEREAS, the City of San Antonio, Texas (the "City") is a duly created political subdivision of the State of Texas operating as a home-rule municipality pursuant to the laws of the State of Texas and its City Charter; and

WHEREAS, a written application from three residents of the City, who are citizens of the State of Texas and at least 18 years of age, has been filed with the City Council for the creation of a nonprofit local government corporation in accordance with the provisions of Subchapter D of Chapter 431, Texas Transportation Code, as amended (the "Act"), to aid and act on behalf of the City to accomplish certain governmental purposes of the City, to wit: finance a portion of the costs required to develop, construct, furnish and equip a privately-owned hotel to be located on land owned by the City that is adjacent to the City's Convention Center in order to promote economic development and to stimulate business and commercial activity in the City, all at the request of the City Council of the City; and

WHEREAS, it is hereby officially found and determined that the formation of a nonprofit local governmental corporation is wise, expedient, necessary or advisable and that it is in the public interest and to the benefit of the City and its citizens that a nonprofit local government corporation be authorized and created pursuant to the provisions of the Act to aid and act on behalf of the City to accomplish such governmental purposes; and

WHEREAS, it is hereby further officially found and determined that the meeting at which this Resolution was passed was open to the public, and public notice of the time, place and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code; ***NOW THEREFORE:***

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

3/24/05

ITEM #___

SECTION 1. AUTHORIZATION AND APPROVAL FOR CREATION OF LOCAL GOVERNMENT CORPORATION. The City Council hereby authorizes and approves the creation of a nonprofit local government corporation to act on behalf of the City, with all powers granted to such corporations in the Act, to be known as the "*CITY OF SAN ANTONIO, TEXAS CONVENTION CENTER HOTEL FINANCE CORPORATION*" (the "Corporation").

SECTION 2. APPROVAL OF ARTICLES OF INCORPORATION AND BYLAWS. The City Council hereby approves the Articles of Incorporation and the Bylaws proposed to be used in organizing and operating the Corporation (copies of which are attached to this Resolution as Exhibits A and B, respectively, and made a part hereof for all purposes) and hereby grants authority for the incorporation of the Corporation pursuant to Sections 431.101 and 431.102 of the Act. The initial directors named in said Articles of Incorporation shall be deemed to have been appointed, and are hereby appointed, as the initial directors of the board of directors of the Corporation for the respective terms described therein.

SECTION 3. AUTHORITY TO ACT ON BEHALF OF CITY; APPOINTMENT OF OFFICERS. The City specifically authorizes the Corporation to act on its behalf to further accomplish the governmental purposes stated in this Resolution and in the Articles of Incorporation attached hereto. The City further authorizes the Board of Directors of the Corporation to appoint any officers it deems necessary to conduct its business and operations in accordance with the provisions of the Bylaws attached hereto and approved hereby.

SECTION 4. INCORPORATION OF RECITALS. The City Council hereby finds that the statements set forth in the recitals of this Resolution are true and correct, and the City Council hereby incorporates such recitals as a part of this Resolution.

SECTION 5. SEVERABILITY. If any provision of this Resolution or the application thereof to any circumstance shall be held to be invalid, the remainder of this Resolution and the application thereof to other circumstances shall nevertheless be valid, and the City Council hereby declares that this Resolution would have been enacted without such invalid provision.

SECTION 6. EFFECTIVE DATE. This Resolution shall become effective on the tenth day from passage hereof.

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3/24/05
ITEM #____

***PASSED AND APPROVED BY AN AFFIRMATIVE VOTE OF _____ MEMBERS OF
THE CITY COUNCIL OF THE CITY OF SAN ANTONIO, TEXAS AT A REGULAR MEETING
ON THIS 24TH DAY OF MARCH, 2005.***

M A Y O R

ATTEST:

City Clerk, City of San Antonio, Texas

(CITY SEAL)

APPROVED AS TO FORM:

By: _____
City Attorney

** **

[SIGNATURE PAGE TO RESOLUTION APPROVING CREATION OF
CITY OF SAN ANTONIO, TEXAS CONVENTION CENTER HOTEL FINANCE CORPORATION]

Exhibit A

**ARTICLES OF INCORPORATION
OF THE**

**CITY OF SAN ANTONIO, TEXAS
CONVENTION CENTER HOTEL FINANCE CORPORATION**

We, the undersigned natural persons, each of whom is at least 18 years of age, a citizen of the State of Texas and a resident of the City of San Antonio, Texas (the "City"), acting as incorporators of a public, nonprofit local government corporation under Subchapter D of Chapter 431, Texas Transportation Code, as amended (the "Act"), do hereby adopt the following Articles of Incorporation for such corporation:

ARTICLE ONE

NAME OF CORPORATION

The name of the Corporation is the "*CITY OF SAN ANTONIO, TEXAS CONVENTION CENTER HOTEL FINANCE CORPORATION*" (the "Corporation").

ARTICLE TWO

TYPE OF CORPORATION

The Corporation is a public, nonprofit local government corporation governed by the Act.

ARTICLE THREE

PERIOD OF DURATION

The period of duration of the Corporation is perpetual.

ARTICLE FOUR

PURPOSE

The Corporation is organized solely for the purpose of aiding and acting on behalf of the City to accomplish certain governmental purposes of the City, to wit: finance a portion of the costs required to develop, construct, furnish and equip a privately-owned hotel to be located on land owned by the City that is adjacent to the City's convention center in order to promote economic development and to stimulate business and commercial activity in the City, all at the request of the City Council of the City.

The Corporation is a duly constituted authority and an instrumentality of the City within the meaning of the regulations of the United States Treasury Department and the rulings of the Internal Revenue Service promulgated and issued pursuant to Section 103 of the Internal Revenue Code of 1986 (26 U.S.C. §103), as amended. The Corporation is authorized, and has as an additional specific purpose for its organization and operation, to act on behalf of the City as provided in these Articles of Incorporation. However, no agreements, bonds, debts or obligations of the Corporation are or shall ever be deemed to be the agreements, bonds, debts or obligations, or the lending of credit, or a grant of public money or thing of value, of or by the City, or any other political corporation, subdivision or agency of the State of Texas, or a pledge of the faith and credit of any of them.

No part of the Corporation's activities shall be carrying on propaganda, or otherwise attempting to influence legislation, and it shall not participate in, or intervene in (including the publishing or distribution of statements), any political campaign on behalf of or in opposition to any candidate for public office.

ARTICLE FIVE

MEMBERSHIP

The Corporation has no members and is a nonstock corporation.

ARTICLE SIX

INITIAL REGISTERED OFFICE AND AGENT

The street address of the initial registered office of the Corporation is the Office of the City Clerk, 2nd Floor, City Hall, 100 Military Plaza, San Antonio, Texas 78205, and the name of its initial registered agent at such address is Leticia M. Vacek, City Clerk, City of San Antonio.

ARTICLE SEVEN

BOARD OF DIRECTORS

The affairs of the Corporation shall be managed by an eleven (11) member board of directors (or such greater or lesser number to be equivalent at all times with the total number of positions constituting the City Council of the City) which shall be composed in its entirety of persons who are members of the City Council of the City, and whose terms of office shall be fixed by, and run coterminous with, their respective terms of office as members of the City Council of the City. A director shall hold office for the term to which the director is qualified and until a successor is qualified. The City Council may remove a director for cause or at any time without cause. A director serves without compensation but shall be entitled to reimbursement for actual expenses incurred in the performance of duties under the Act. The Corporation and the directors shall be

subject to both the *Texas Open Meetings Act* and the *Texas Open Records Act* (Chapters 551 and 552, Texas Government Code, as amended).

ARTICLE EIGHT

DIRECTOR LIABILITY

To the fullest extent permitted by Texas statutes, as the same exist or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits broader limitations than permitted prior to such amendment), a director of the Corporation shall not be liable, or shall be liable only to the extent provided in these Articles of Incorporation, to the Corporation for monetary damages for an act or omission in the director's capacity as a director. Any repeal or amendment of this Article shall be prospective only, and shall not adversely affect any limitation on the personal liability of a director of the Corporation existing at the time of such repeal or amendment.

ARTICLE NINE

INITIAL BOARD OF DIRECTORS

The number of directors constituting the initial board of directors shall be eleven (11). The names and street addresses of the persons who are to serve as the initial directors (which is composed of the current members of the City Council) and the date of expiration of their initial terms as directors (which terms shall commence on the date these Articles of Incorporation are filed with the Secretary of State's office and end on the last day of their respective terms of office as members of the City Council) are as follows:

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<u>NAME/POSITION</u>	<u>ADDRESS</u>	<u>EXPIRATION DATE OF INITIAL TERM</u>
Ed Garza (Mayor)	First Floor City Hall 100 Military Plaza San Antonio, Texas 78205	May 31, 2005
Roger O. Flores (District 1)	Second Floor City Hall 100 Military Plaza San Antonio, Texas 78205	May 31, 2005
Joel Williams (District 2)	Second Floor City Hall 100 Military Plaza San Antonio, Texas 78205	May 31, 2005
Ron H. Segovia (District 3)	Second Floor City Hall 100 Military Plaza San Antonio, Texas 78205	May 31, 2005
Richard Perez (District 4)	Second Floor City Hall 100 Military Plaza San Antonio, Texas 78205	May 31, 2005
Patti Radle (District 5)	Second Floor City Hall 100 Military Plaza San Antonio, Texas 78205	May 31, 2005
Enrique M. Barrera (District 6)	Second Floor City Hall 100 Military Plaza San Antonio, Texas 78205	May 31, 2005
Julián Castro (District 7)	Second Floor City Hall 100 Military Plaza San Antonio, Texas 78205	May 31, 2005
Art A. Hall (District 8)	Second Floor City Hall 100 Military Plaza San Antonio, Texas 78205	May 31, 2005
Carroll Schubert (District 9)	Second Floor City Hall 100 Military Plaza San Antonio, Texas 78205	May 31, 2005
Christopher "Chip" Haass (District 10)	Second Floor City Hall 100 Military Plaza San Antonio, Texas 78205	May 31, 2005

Each of the initial directors resides in the City. Each director, including the initial directors, shall be eligible to serve for additional terms if qualified to serve for, and actually serving, additional terms as a member of the City Council of the City. Directors are removable by the City Council for cause or without cause. In the event any director resigns, is removed from office by the City Council or no longer serves on the board of directors of the Corporation for any reason, the City Council shall provide for the selection of a new director to complete the unexpired term who shall be the person qualified to serve that term by virtue of that person's selection, in the manner prescribed by law, to serve the respective associated term of membership on the City Council of the City. The directors shall serve as such without compensation except that they shall be reimbursed for their actual expenses incurred in the performance of their duties as directors.

ARTICLE TEN

INCORPORATORS

The name and street address of each incorporator are:

<u>NAMES</u>	<u>ADDRESSES</u>
Ed Garza (Mayor, City of San Antonio, Texas)	First Floor City Hall 100 Military Plaza San Antonio, Texas 78205
J. Rolando Bono (Interim City Manager, City of San Antonio, Texas)	First Floor City Hall 100 Military Plaza San Antonio, Texas 78205
Christopher J. Brady (Assistant City Manager, City of San Antonio, Texas)	First Floor City Hall 100 Military Plaza San Antonio, Texas 78205

Each of the incorporators resides in the City of San Antonio, Texas.

ARTICLE ELEVEN

LOCAL GOVERNMENT AUTHORIZING CREATION OF CORPORATION

The local government which has caused the Corporation to be created to act in accordance with the Act is the City of San Antonio, Texas. The City's address City Hall, 100 Military Plaza, San Antonio, Texas 78205.

ARTICLE TWELVE

AUTHORIZATION AND APPROVAL BY CITY

Pursuant to a resolution adopted by the City Council on March 24, 2005, the City has approved these Articles of Incorporation and has authorized the creation of the Corporation to act on its behalf to further the public purposes set forth in the Resolution and these Articles of Incorporation.

ARTICLE THIRTEEN

POWERS OF THE CORPORATION

The Corporation shall have all powers granted it by the Act, as it may be amended from time to time (including all powers of a corporation authorized for creation by the Texas Transportation Commission under Chapter 431, Texas Transportation Code, as amended, and all powers of a nonprofit corporation under the Texas Non-Profit Corporation Act (Article 1396-1.01 et. seq., Vernon's Texas Civil Statutes, as amended)), whether or not so expressly stated in these Articles of Incorporation.

ARTICLE FOURTEEN

AMENDMENT OF ARTICLES

These Articles of Incorporation at any time and from time to time may be amended by either of the following methods: (1) the Board of Directors of the Corporation may file a written application with the City Council of the City requesting permission to amend the articles of incorporation, specifying in such application the amendment proposed to be made, and if the City Council by appropriate resolution determines that it is wise, expedient, necessary or advisable that the proposed amendment be made and shall approve the form of the same and authorize it to be made, then the Board of Directors of the Corporation may amend the articles of incorporation by adopting such amendment at a meeting of the Board of Directors and delivering the articles of amendment to the Secretary of State, or (2) the City Council of the City may, in its sole discretion, and at any time, alter or change the structure, organization, programs, or activities of the Corporation (including the power to terminate the Corporation), subject to any limitation on the impairment of contracts entered into by the Corporation, by adopting an amendment to these Articles of Incorporation and delivering articles of amendment to the Secretary of State.

ARTICLE FIFTEEN

DIVIDENDS AND EARNINGS

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 the public purposes of the City for which the Corporation has been created) shall be distributed to or inure to the benefit of its directors or officers or any person, firm, corporation or association except in reasonable amounts for services rendered or for reimbursement of actual expenses incurred in connection with the business affairs of the Corporation, except that in the event the Board of Directors shall determine that sufficient provision has been made for the full payment of the expenses, bonds and other obligations of the Corporation, then any net earnings of the Corporation thereafter accruing shall be paid to the City.

ARTICLE SIXTEEN

DISSOLUTION

If the Corporation ever should be dissolved when it has, or is entitled to, any interest in any funds or property of any kind, real, personal or mixed, such funds or property or rights thereto shall not be transferred to private ownership, but shall be transferred and delivered to the City after satisfaction or provision for satisfaction of debts and claims.

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EXECUTED THIS 24TH DAY OF MARCH, 2005.

INCORPORATORS

ED GARZA, as an Incorporator

J. ROLANDO BONO, as an Incorporator

CHRISTOPHER J. BRADY, as an Incorporator

ACKNOWLEDGEMENT

THE STATE OF TEXAS
COUNTY OF BEXAR

§
§

I, the undersigned, a Notary Public in and for the State of Texas, do hereby certify that on this 24th day of March, 2005, personally appeared Ed Garza, J. Rolando Bono, and Christopher J. Brady, each being by me first duly sworn, severally declared that they are the persons who signed the foregoing Articles of Incorporation as incorporators and in their respective capacities, as shown above 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 in and for
the State of Texas
My Commission Expires _____

(NOTARY SEAL)

Exhibit B

**BYLAWS OF THE
CITY OF SAN ANTONIO, TEXAS
CONVENTION CENTER HOTEL FINANCE CORPORATION**

ARTICLE I

OFFICES

The principal office of the *CITY OF SAN ANTONIO, TEXAS CONVENTION CENTER HOTEL FINANCE CORPORATION* (the "Corporation") shall be at the office of the Economic Development Department of the City of San Antonio, Texas (the "City"), which is located on the 4th Floor, City Hall, 100 Military Plaza, San Antonio, Texas 78205.

ARTICLE II

DIRECTORS

SECTION 2.01. BOARD OF DIRECTORS. The affairs of the Corporation shall be managed by an eleven (11) member board of directors (the "Board") which shall be composed in its entirety of persons who are members of the City Council of the City, and whose terms of office shall be fixed by and run coterminous with their respective terms of office on such City Council of the City.

SECTION 2.02. FILLING VACANCIES. Vacancies on the Board, including vacancies to be filled by reason of an increase in the number of directors, shall be filled for the unexpired term by the person qualified to serve the specific unexpired term by virtue of that person's selection, in the manner prescribed by law, to serve the associated respective unexpired term of membership on the City Council of the City.

SECTION 2.03. POWERS OF CORPORATION TO BE EXERCISED BY BOARD. The property and business of the Corporation shall be managed by the Board which may exercise all powers of the Corporation and do all lawful acts.

SECTION 2.04. PLACE OF BOARD MEETINGS. Meetings of the Board may be held at such place or places in the State of Texas as the Board from time to time may determine; provided, however, in the absence of any such determination by the Board of Directors, the meetings shall be held at the City Council Chambers of the City.

SECTION 2.05. REGULAR BOARD MEETINGS. Regular meetings of the Board may be held on such dates and at such time and places as shall from time to time be determined by the Board; provided, however, in the absence of any such determination by the Board, the meetings shall be held at the City Council Chambers of the City. Public notice of such regular meetings shall be provided as required by Section 3.01 herein below, a copy of which notice shall be given to the City Clerk of the City.

SECTION 2.06. SPECIAL BOARD MEETINGS. Special meetings of the Board may be called by the President on three days' notice to each director, and upon public notice as provided in Section 3.01 herein below, and shall be called by the President or Secretary also on three days' notice to each director, and upon public notice as provided in Section 3.01 herein below, on the written request of two directors. Emergency meetings shall be called by the President on two hours notice, but only upon compliance with the public notice requirements as provided in Section 3.01 herein below.

SECTION 2.07. QUORUM. At all meetings of the Board the presence of a majority of the directors shall be necessary and sufficient to constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board, except as may be otherwise specifically provided by these Bylaws.

SECTION 2.08. NO COMPENSATION PAID TO DIRECTORS. Directors, as such, shall receive no compensation for services rendered as directors, but shall be reimbursed for all reasonable expenses incurred in performing their duties as directors.

SECTION 2.09. COMMITTEES. The Board may by resolution or resolutions adopted by the Board, establish one or more committees, each committee to consist of two or more of the directors of the Corporation. Such committee or committees shall have such name or names, and such powers, as may be determined from time to time by resolution adopted by the Board.

SECTION 2.10. COMMITTEE MINUTES. The committees shall keep regular minutes of their proceedings and report the same to the Board when required.

SECTION 2.11. PUBLIC HEARINGS. Public hearings required under Section 147(f) of the Internal Revenue Code of 1986, as amended, may be called and conducted by any officer or director of the Corporation or the Executive Director of the Corporation, and such person may establish the date, place and time of the hearing and may give notice of the hearing.

ARTICLE III

NOTICES

SECTION 3.01. OPEN MEETINGS ACT. The Board, all actions of the Board, all meetings of the Board, whether regular, special, or emergency, and all meetings of committees of the Board shall be subject to the public notice requirements of the Texas Open Meetings Act, Chapter 551, Texas Government Code.

SECTION 3.02. NOTICE TO DIRECTORS. Whenever under the provisions of any statute or these Bylaws, notice is required to be given to any director, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director at such address as appears on the books of the Corporation, and such notice shall be deemed to be given at the time when the same shall be thus mailed.

SECTION 3.03. WAIVER OF NOTICE BY DIRECTORS. Whenever any notice is required to be given to a director under the provisions of any statute or of these Bylaws, a waiver thereof in writing signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE IV

OFFICERS

SECTION 4.01. SELECTION OF VARIOUS OFFICERS. The officers of the Corporation shall be chosen by the Board. The Board shall choose from its members a President and a Vice President. The City Clerk of the City shall serve as the Secretary of the Corporation, and the Director of Finance of the City shall serve as the Treasurer of the Corporation.

SECTION 4.02. APPOINTMENT OF OTHER OFFICERS AND AGENTS. The Board may appoint such other officers and agents as it shall deem necessary, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board.

SECTION 4.03. REMOVAL OF OFFICERS. Any officer elected or appointed by the Board may be removed at any time by the affirmative vote of a majority of the whole Board. If the office of any officer becomes vacant for any reason, the vacancy shall be filled by the Board.

SECTION 4.04. EXECUTIVE DIRECTOR OF CORPORATION. The City Manager of the City, or the City Manager's designee, shall serve as Executive Director of the Corporation, who shall be the Chief Administrative Officer of the Corporation and shall exercise such powers and perform such duties as shall be determined from time to time by the Board.

THE PRESIDENT

SECTION 4.05. The President shall preside at all meetings of the directors.

SECTION 4.06. The President shall be ex-officio a member of all standing committees, shall have general supervision of the management of the business of the Corporation, and shall see that all resolutions of the Board are carried into effect.

SECTION 4.07. The President shall execute bonds, mortgages and other contracts, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board to some other officer or agent of the Corporation.

THE VICE PRESIDENT

SECTION 4.08. The Vice President shall, in the absence or disability of the President, perform the duties and exercise the powers of the President, and shall perform such other duties as the Board shall prescribe.

THE SECRETARY

SECTION 4.09. The Secretary shall attend all sessions of the Board and record all votes and the minutes of all proceedings in a book to be kept for that purpose and shall perform like duties for the standing committees when required. The Secretary shall give, or cause to be given, notice of all meetings of the Board and shall perform such other duties as may be prescribed by the Board or the President. The Secretary shall keep in safe custody the seal of the Corporation and, when authorized by the Board, affix the same to any instrument requiring it, and, when so affixed, it shall be attested by the Secretary's signature. When the corporate seal is required as to instruments executed in the course of ordinary business, the Secretary shall attest to the signature of the President or Vice President and shall affix the seal thereto. The Board may appoint one or more persons to serve as an Assistant Secretary, which person may, but need not be, a director. The Assistant Secretary may perform any duty granted to the Secretary in these Bylaws and/or in any resolution approved by the Board.

THE TREASURER

SECTION 4.10. To the extent not otherwise provided by the Board, by rules or regulations, in resolutions relating to the issuance of bonds, or in any financing documents relating to such issuance, the Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in a depository as shall be designated by the Board. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board, taking proper vouchers for such disbursements and shall render to the President and directors, at the regular meetings of the Board, or whenever they may require it, an account of all transactions performed as Treasurer and of the financial condition of the Corporation. The Board may appoint one or more persons to serve as an Assistant Treasurer, which person may, but need not be, a director. The Assistant Treasurer may perform any duty granted to the Treasurer in these Bylaws and/or in any resolution approved by the Board.

SECTION 4.11. SURETY BONDS. The Board may require the President, Vice President, the Secretary, any Assistant Secretary, the Treasurer, and any Assistant Treasurer to give the Corporation bonds in such sums and with such surety or sureties as shall be satisfactory to the Board for the faithful performance of the duties of their office and for the restoration to the Corporation, in case of such person's death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in such person's possession or under such person's control belonging to the Corporation.

SECTION 4.12. INDEMNIFICATION. The Corporation shall have the power to indemnify any director, officer or former director or officer, or agent thereof, of the Corporation for expenses and costs (including attorneys' fees) actually and necessarily incurred by such director, officer or agent in connection with any claim asserted against such director, officer or agent by action in court or otherwise by reason of such director's or officer's being or having been a director, officer or agent, except in relation to matters as to which such director, officer or agent shall have been guilty of negligence or misconduct in respect of the matter in which indemnity is sought. If the Corporation has not fully indemnified such director, officer or agent, the court in the proceeding in which any claim against such director, officer or agent has been asserted or any court having the requisite jurisdiction of an action instituted by such director, officer or agent on such director's, officer's or agent's claim for indemnity may assess indemnity against the Corporation, its receiver, or trustee for the amount paid by such director, officer or agent (including attorneys' fees) in satisfaction of any judgment or in compromise of any such claim (exclusive in either case of any amount paid to the Corporation), actually and necessarily incurred by such director, officer or agent in connection therewith to the extent that the court shall deem reasonable and equitable; provided, nevertheless, that indemnity may be assessed under this Section 4.12 only if the court finds that the person indemnified was not guilty of negligence or misconduct in respect of the matter in which indemnity is sought.

SECTION 4.13. FACSIMILE SIGNATURES. The provisions of the Texas Uniform Facsimile Signature of Public Officials Act shall be applicable to the Corporation, which is a duly constituted instrumentality of the City, a political subdivision of the State of Texas.

ARTICLE V

FISCAL PROVISIONS

SECTION 5.01. RESTRICTIONS ON PAYMENT OF FUNDS. No dividends shall ever be paid by the Corporation and no part of its net earnings remaining after payment of its expenses shall be distributed to or inure to the benefit of its directors or officers or any individual, firm, corporation, or association, except that in the event the board of directors shall determine that sufficient provision has been made for the full payment of the expenses, bonds, and other obligations of the Corporation, then any net earnings of the Corporation thereafter accruing shall be paid to the City. No part of the Corporation's activities shall be carrying on propaganda, or otherwise attempting to influence legislation, and it shall not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of or in opposition to any candidate for public office.

SECTION 5.02. EXECUTION OF FINANCIAL INSTRUMENTS. All checks, demands for money, withdrawals of money, notes, time and demand deposits and certificates of deposit shall be signed by the Treasurer or his designee or such other person or persons as the Board of Directors from time to time may designate by resolution or other action of the Board of Directors or as may be designated in any financing documents relating to the issuance of bonds or other obligations of the Corporation, provided that in the case of checks at least one of the authorized signatories shall be an officer of the Corporation.

SECTION 5.03. FISCAL YEAR. The fiscal year of the Corporation shall be the same as the fiscal year of the City.

SECTION 5.04. BOOKS AND RECORDS. The Corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of the Board and committees having any of the authority of the Board. All books and records of the Corporation shall be kept at the principal office of the Corporation where they shall be available to the public in accordance with the applicable provisions of the Open Records Act (Chapter 552, Tex. Government Code, as amended).

SECTION 5.05. STAFF FUNCTIONS. Staff functions for the Corporation may be performed by the City as directed by the City Council of the City. The Corporation shall pay, to the extent funds of the Corporation are legally available, the amount of costs for such services from fees collected by it, as from time to time shall be billed to the Corporation by the City.

ARTICLE VI

SEAL

The corporate seal shall be circular and shall have inscribed in the outer circle "City of San Antonio, Texas Convention Center Hotel Finance Corporation." Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE VII

AMENDMENT AND INTERPRETATION OF BYLAWS

SECTION 7.01. AMENDMENT OF BYLAWS. These Bylaws may be amended at any time and from time to time by majority vote of the Board with approval of the City by resolution of the City Council of the City.

SECTION 7.02. INTERPRETATION OF BYLAWS. These Bylaws and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein. If any word, phrase, clause, sentence, paragraph, section or other part of these Bylaws, or the application thereof to any person or circumstance, shall ever be held to be invalid or unconstitutional by any court of competent jurisdiction, the remainder of these Bylaws and the application of such word, phrase, clause, sentence, paragraph, section or other part of these Bylaws to any other person or circumstance shall not be affected thereby.

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ADOPTED AND APPROVED this the ____ day of _____, 2005.

President, Board of Directors
City of San Antonio, Texas
Convention Center Hotel Finance Corporation

ATTEST:

Secretary, Board of Directors
City of San Antonio, Texas
Convention Center Hotel Finance Corporation

[SIGNATURE PAGE FOR THE BYLAWS OF THE
CITY OF SAN ANTONIO, TEXAS CONVENTION CENTER HOTEL FINANCE CORPORATION]

**APPLICATION FOR AUTHORIZATION AND APPROVAL OF A
NONPROFIT LOCAL GOVERNMENT CORPORATION
TO ACT ON BEHALF OF THE CITY OF SAN ANTONIO, TEXAS**

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 citizen of the State of Texas and a resident of the City of San Antonio, Texas (the "City"), hereby request in writing that the City authorize and approve the creation of a nonprofit local government corporation to act on behalf of the City pursuant to Subchapter D of Chapter 431, Texas Transportation Code, as amended, with such nonprofit local government corporation to be known as the "*CITY OF SAN ANTONIO, TEXAS CONVENTION CENTER HOTEL FINANCE CORPORATION*." The Articles of Incorporation and the Bylaws proposed to be used in organizing the nonprofit local government corporation are attached hereto and made a part hereof for all purposes.

EXECUTED THIS ____ DAY OF MARCH, 2005.

Name: Ed Garza

Name: J. Rolando Bono

Name: Christopher J. Brady

CERTIFICATE FOR RESOLUTION

I, the undersigned City Clerk of the City of San Antonio, Texas (the "City"), hereby certify as follows:

1. The City Council of the City convened in regular meeting on the 24th day of March, 2005 at the designated meeting place, and the roll was called of the duly constituted officers and members of said City Council, to wit:

Ed Garza, Mayor
Roger O. Flores, Councilmember
Joel Williams, Councilmember
Ron H. Segovia, Councilmember
Richard Perez, Councilmember
Patti Radle, Councilmember

Enrique M. Barrera, Councilmember
Julián Castro, Councilmember
Art A. Hall, Councilmember
Carroll Schubert, Councilmember
Christopher "Chip" Haass, Councilmember

and all of said persons were present, except the following absentees: _____, thus constituting a quorum. Whereupon, among other business, the following was transacted at said Meeting: a written Resolution No. _____, entitled:

A RESOLUTION AUTHORIZING THE CREATION OF THE CITY OF SAN ANTONIO, TEXAS CONVENTION CENTER HOTEL FINANCE CORPORATION TO FINANCE THE CONSTRUCTION OF A CONVENTION CENTER HOTEL; AND APPROVING THE ARTICLES OF INCORPORATION AND BYLAWS FOR THE CORPORATION

was duly introduced for the consideration of said City Council. It was then duly moved and seconded that said Resolution be passed; and, after due discussion, said motion, carrying with it the passage of said Resolution, prevailed and carried by the following vote:

AYES: _____ NOES: _____ ABSTENTIONS: _____

2. A true, full and correct copy of the aforesaid Resolution passed at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate; said Resolution has been duly recorded in said City Council's minutes of said Meeting; the above and foregoing paragraph is a true, full and correct excerpt from said City Council's minutes of said Meeting pertaining to the passage of said Resolution; the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of said City Council as indicated therein; each of the officers and members of said City Council was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid Meeting, and that said Resolution would be introduced and considered for passage at said Meeting, and each of said officers and members consented, in advance, to the holding of said Meeting for such purpose; and said Meeting was open to the public and public notice of the time, place and purpose of said Meeting was given, all as required by Texas Government Code, Chapter 551.

SIGNED AND SEALED the 24th day of March, 2005.

(SEAL)

City Clerk, City of San Antonio, Texas