

BY-LAWS
OF
THE PRICHARD FAMILY FOUNDATION
A TEXAS NON-PROFIT CORPORATION

ARTICLE I
Name

Section 1. This Corporation shall be known as The Prichard Family Foundation (the "Corporation").

ARTICLE II
Purposes

Section 1. The Corporation is organized and will be operated exclusively for charitable, religious and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or the corresponding provision or provisions of any subsequent United States Internal Revenue law or laws (the "Code"), including but not limited to the making of grants to other organizations which are organized and operated exclusively for one or more of such purposes. Specifically, the purposes of this Corporation are as follows:

- (a) To support scholarship and the transmittal of knowledge gleaned therefrom within a traditional Judeo-Christian world view, with emphasis on, but not limited to, western civilization and first amendment issues, especially liberty and separation of church and state;
- (b) To support Protestant institutions of higher learning which have a mission that places equal value on faith within the free church tradition and learning;
- (c) To support Baptist institutions and agencies that uphold, promote, support, encourage and sustain historic Baptist principles;
- (d) To support institutions and agencies that improve the quality of life for the citizens of Corpus Christi.

Section 2. Within the scope of the foregoing purposes, and not by limitation thereof, the Corporation may:

- (a) fund up to fifty percent (50%) of a torch-bearer institution's capital campaign or special program that would uniquely move the campaign and/or special program to achieve a level of distinction and distinctiveness in American life to support:
 - (i) an historic Baptist/free church/Christian/theist voice in the public

- square;
- (ii) transmittal of knowledge; and
- (iii) development and encouragement of a community of Christian scholars.

(b) make annual gifts to Baylor University, should Baylor University continue to be governed as an institution equally dedicated to academic excellence and historic Baptist principles as articulated in its 1994 Mission Statement, to support this goal, primarily through programs committed to distinction and distinctiveness, including, but not limited to: academic and athletic scholarships, Pruitt Memorial Symposium, Strecker Museum and museum studies, honors programs, history, journalism, Institute of Faith and Learning, Church-State Studies and the College of Arts and Sciences;

(c) make annual gifts up to ten percent (10%) of the annual budget of First Baptist Church, Corpus Christi, and up to dollar for dollar matching gifts up to fifty percent (50%) for capital campaigns if First Baptist Church continues to be a "torch bearer" institution faithful to historic Baptist principles;

(d) make annual gifts up to five percent (5%) of the annual budgets and up to twenty-five percent (25%) of capital campaigns of non-profit agencies and institutions (not to exceed twenty percent (20%) of the Corporation's annual disbursements based on Corporation's annual budget) that improve the quality of life for the citizens of the Corpus Christi area, which are not contrary to the Principles and Purposes of the Corporation;

(e) notwithstanding the foregoing, in the event of a natural disaster in the Corpus Christi area, all income in a given year may be used for relief, reconstruction and restoration of services for the affected institution(s) in the Corpus Christi area by grants to 501(c)(3) organizations involved in such relief, reconstruction and restoration efforts for the affected area.

Section 3. The Corporation shall conduct, accomplish and carry on its objective, functions and purposes or any part thereof set forth in the By-Laws and Principles and Purposes of **The Prichard Family Foundation** as amended from time to time, within or without the State of Texas; and,

Section 4. The Corporation shall promote, encourage and foster any other similar charitable, religious or educational activities; to accept, hold, invest and reinvest and administer any gifts, legacies, bequests, devises, funds and property of any sort or nature, and to use, expend, or donate the income or principal thereof for, and to devote the same to, the foregoing purposes and principles of the Corporation; and to do any and all lawful acts and things which may be necessary, useful, suitable or proper for the furtherance of accomplishment of the purposes and principles of the Corporation. Provided however, no act may be performed which would violate Section 501(c)(3) of the Internal Revenue Code of 1986, as it now exists or as it may hereafter be amended.

Section 5. The Corporation pledges its assets for use in performing its charitable, religious and/or educational purposes. It directs that upon dissolution or liquidation, the assets are to be transferred to a charitable, religious, educational or other similar organization that is qualified as a charitable organization under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

ARTICLE III
Corporate Offices

Section 1. The principal office of the Corporation shall be located in the City of Corpus Christi, Nueces County, Texas. The Corporation may also have offices within or without the State of Texas, at such other places as the Board of Directors may from time to time determine and the business of the Corporation may require.

Section 2. The Corporation shall continuously maintain a registered office and a registered agent, whose office is identical with such registered office, within the State of Texas. The registered office need not be identical with the principle office and both the registered office and the registered agent may be changed from time to time by the Board of Directors.

ARTICLE IV
Board of Directors

Section 1. The initial directors to serve on the Board of Directors of the Corporation shall be those persons named in the Articles of Incorporation as the initial directors, and they shall hold office until their successors are elected and qualified at the first annual meeting of the Board of Directors or until their earlier respective deaths, resignations, retirements, disqualifications or removal from office. Thereafter, the directors shall be elected by the then current Board of Directors. Notwithstanding the foregoing to the contrary, as long as there are lineal descendants of either Lev H. Prichard IV or Margaret Elaine Prichard Fagan willing and able to act as a director, the following provisions shall govern. Lev H. Prichard IV and Margaret Elaine Prichard Fagan (hereinafter referred to individually as the "Initial Directors") and each of their successors shall have the right while acting as a director to designate in a notarized writing filed with the Corporation's records, an individual from among such Initial Directors' lineal descendants, to succeed him or her as director and to revoke such designation before such designee begins to act. If an Initial Director or his or her successor fails to designate his or her successor or if the designated successor is unable or unwilling to act, then the eldest living lineal descendant of the applicable Initial Director who is able and willing to act shall automatically and without further action serve as the successor director. If there are no lineal descendants of the applicable Initial Director willing and able to act at such time, then the other Initial Director or his or her successor shall designate a successor director (a Family Appointed Director) among his or her lineal descendants who is willing and able to act, to serve as director until such time as a lineal descendant of the applicable Initial Director is willing and able to serve as a director, at which time the Family Appointed Director shall resign and the lineal descendant of the applicable Initial Director shall automatically, without further action, serve as the successor director. In order to serve as a successor director to an Initial Director, other than a Family Appointed Director, the individual (i) must be a lineal descendant of the applicable Initial Director (which shall include a natural born or adopted descendant); (ii) must be willing to serve in such capacity; and (iii) must be at least twenty-one (21) years of age.

Section 2. The number of directors shall never be less than three (3) persons but may be as many more as may be determined from time to time by resolution of the Board of Directors. The number of directors may be increased or decreased from time to time in the manner provided in these By-Laws, but no decrease shall have the effect of shortening the term of any incumbent director. Any increased number of directors shall be elected by the then current directors at any regular meeting or special meeting called for that purpose.

Section 3. Directors shall be elected for a term of one (1) year and until their successors are elected and qualified. Directors may be elected without limitation as to the number of terms they may serve.

Section 4. Subject to the foregoing Section 1 and Section 2 of this Article IV, any vacancy occurring in the Board of Directors and any directorship to be filled by reason of an increase in the number of directors, shall be filled by the directors. A vacancy shall be filled by the affirmative vote of a majority of the remaining directors, even if the majority is less than a quorum of the Board of Directors, or if the majority is a sole remaining director. A director elected to fill a vacancy shall be elected for the unexpired term of the predecessor in office.

Section 5. Any director may be removed only with cause by a majority vote of the directors in office at any meeting duly called and at which a quorum is present. A vacancy created by the removal of a director shall be filled as provided in these By-Laws.

Section 6. No contract or other transaction between the Corporation and one or more of its directors or between any other corporation, firm, association, or entity of which one or more of its directors are directors or officers or in which such persons are financially interested, shall be either void or voidable because of such relationship or interest, or because such director or directors are present at the meeting of the Board of Directors (or a committee thereof) which authorizes, approves, or ratifies such contract or transaction, or because his or their votes are counted for such purpose, if all of the following conditions are met:

(a) The fact of such relationship or interest is disclosed or known to the Board of Directors or committee which authorizes, approves, or ratifies the contract or transaction by a vote or consent sufficient for the purpose without counting the votes or consents of such interested directors;

(b) The contract or transaction is fair and reasonable to the Corporation; and

(c) The contract or transaction is not an act of self-dealing as defined by Section 4941 of the Internal Revenue Code of 1986, as amended, or any successor statute.

Section 7. Directors shall be entitled to receive reasonable compensation for their services as directors. Further, directors and members of any board committee and the Advisory Board may be allowed expenses of attendance, if any, for attendance at each annual, regular and special meeting of the Board of Directors or board committees or Advisory Board; but nothing herein contained shall be construed to preclude any director from performing personal services for the Corporation in any other capacity and receiving reasonable compensation for such services.

Section 8. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors (or a committee thereof) which authorizes, approves, or ratifies such contract or transaction. At least one member of the Board of Directors shall be an active member of a Texas Baptist Church that adheres to the principles set forth in the Principles and Purposes of the Prichard Family Foundation, said Principles and Purposes are incorporated by reference herein. If such Director ceases to be an active member in said Baptist Church, the Directors of the Corporation, including the Director who is no longer a member of said Baptist Church, shall elect an additional Director who shall be an active member of a Texas Baptist Church that adheres to the principles set forth in the Principles and Purposes of the Prichard Family Foundation.

Notwithstanding the above, no loan shall be made by the Corporation to any of its directors or officers.

ARTICLE V Officers

Section 1. The officers of the Corporation shall be President, one or more Vice Presidents (the number thereof to be determined by the Board of Directors), a Secretary, a Treasurer and such other officers as may be elected in accordance with the provisions of this Article. The Board of Directors may elect or appoint such other officers, including an Executive Director, one or more Assistant Secretaries or Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed herein or, from time to time, by the Board of Directors. Any two or more offices may be held by the same person, except the offices of President and Secretary. An officer of the Corporation need not be a Director of the Corporation.

Section 2. The Board of Directors shall elect officers of the Corporation, who shall hold office for a term of one (1) year and until their successors are elected and qualify, or until death, resignation or removal. Any officer elected or appointed by the Board of Directors may be removed at any time by the affirmative vote of a majority of the Board of Directors, whenever in their judgment the best interest of the Corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the officer so removed. If the office of any officer becomes vacant for any reason, the vacancy shall be filled by the Board of Directors. In case of the absence or disability of an officer of the Corporation, or in any other case that the Board of Directors may deem sufficient reason therefore, the Board of Directors, by a majority vote, may delegate for the time being any or all of the powers or duties of any officer to any other officer, director, or any other person.

Section 3. The President shall be the chief executive officer of the Corporation. The President, unless an Executive Director is appointed or elected, shall in general supervise and control all of the business and affairs of the Corporation. He shall preside at all meetings of the Board of Directors. The President may sign any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors have authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these By-Laws or by statute to some other officer or agent of the Corporation; and in general he shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

Section 4. In the absence of the President or in the event of his inability or refusal to act, the Vice President (or in the event there be more than one Vice president, the Vice Presidents in order of their seniority) shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. Any Vice President shall perform such other duties as from time to time may be assigned to him by the President or Board of Directors.

Section 5. The Secretary shall keep the minutes of the meetings of the Board of Directors in one or more books provided for that purpose; give all notices in accordance with the provisions of these By-Laws or as required by law; be custodian of the corporate records and of the seal of the Corporation, and affix the seal of the Corporation to all documents, the execution of which on behalf of the Corporation under its seal is duly authorized in accordance with the provisions of these By-Laws; keep a register of the post office address of each director which shall be furnished to the Secretary by each director; and, in general, perform all duties incident to the office of the Secretary and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

Section 6. The Treasurer shall have charge and custody of and be responsible for all funds and securities of the Corporation; receive and give receipts for moneys due and payable to the Corporation from any source whatsoever, and deposit all such moneys in the name of the Corporation in such banks, trust companies, or other depositories as shall be selected in accordance with the provisions of these By-Laws; and in general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the President or by the Board of Directors. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Board of Directors shall determine.

Section 7. The Executive Director, if elected or appointed, shall be the chief operating officer of the Corporation and, subject to the provisions of these By-Laws, shall have general supervision of the activities and affairs of the Corporation and shall have general and active control thereof. The Executive Director shall have general authority to execute deeds and contracts in the name of the Corporation; to cause the employment or appointment of such employees and agents of the Corporation as the proper conduct of operations may require and to fix their

compensation; to remove or suspend any employee or agent; and in general to exercise all such powers and perform such duties and services as shall from time to time be prescribed or delegated to such office by the Board of Directors. In the absence or disability of the Executive Director, the duties of such office shall be performed and the powers may be exercised as determined by the Board of Directors.

ARTICLE VI Management of Corporate Affairs

Section 1. The property, affairs and business of the Corporation shall be managed by its Board of Directors, which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Articles of Incorporation or by these By-Laws prohibited.

ARTICLE VII Committees

Section 1. The Board of Directors may designate committees comprised of two (2) or more persons, a majority of whom are directors, to serve as special and standing committees as the Board of Directors may determine are necessary, which shall have such powers and duties as shall from time to time be prescribed by the Board of Directors. All actions by any Board of Directors committee shall be reported to the Board of Directors at the next meeting succeeding such action.

ARTICLE VIII Advisory Board

Section 1. The Board of Directors may appoint an Advisory Board, comprised of two (2) or more persons, none of whom need be a member of the Board of Directors. The purpose of the Advisory Board shall be to consult with and provide advice to the Board of Directors on matters as requested by the Board of Directors. The Advisory Board will serve solely in an advisory capacity. The members of the Advisory Board shall neither have fiduciary responsibility to nor liability for actions of the Corporation.

ARTICLE IX Quorum and Voting

Section 1. A majority of the Board of Directors then in office shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. The act of a majority of the directors present in person or by proxy, at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by law, the Articles of Incorporation or by these By-Laws.

Section 2. A director may vote in person or by proxy executed in writing by the director. No proxy shall be valid after three (3) months from the date of its execution. Directors present by proxy may not be counted toward a quorum.

ARTICLE X Meetings

Section 1. The annual meeting of the Board of Directors of the Corporation shall be held at the principal office of the Corporation or at such other place as the President, or Vice-President in the absence of the President, may designate. The annual meeting shall be held within 120 days after the Corporation's fiscal year end at 10:00 o'clock a.m., at which meeting directors shall be elected for the current year and such other business transacted as may properly come before said meeting. Notice of the time, place and business to be transacted at or purpose of such meeting shall be given personally or by mail, telegram or facsimile at least ten (10) days previous thereto, to each director at his address as shown in the records of the Corporation. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed with postage thereon prepaid. If notice be given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. If notice is given by facsimile, such notice shall be deemed to be delivered at the time and place so designated on the facsimile confirmation report. In lieu of the annual meeting, all of the directors in office may execute a unanimous written consent to elect directors for the current year and transact such other business as is proper.

Section 2. Regular or special meetings of the Board of Directors may be called by or at the request of the President or any two directors. The person or persons authorized to call regular or special meetings of the Board of Directors may fix any place, either within or without the State of Texas, as the place for holding such meetings of the Board of Directors called by them. Notice of such meeting of the Board of Directors shall be given at least three (3) days previous thereto by written notice delivered personally or sent by mail, telegram or facsimile to each director at his address as shown by the records of the Corporation. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed with postage thereon prepaid. If notice be given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. If notice is given by facsimile, such notice shall be deemed to be delivered at the time and place so designated on the facsimile confirmation report. Any director may waive notice of any meeting. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. The business to be transacted at, and the purpose of any regular or special meeting of the Board of Directors, will be specified in the notice or waiver of notice of such meeting.

Section 3. Any action required or permitted to be taken at an annual, regular or special meeting of the Board of Directors or by a committee thereof may be taken without a meeting, by means of telephone, mail, telegram, facsimile or in any other way the directors shall decide. However, a written consent setting forth the action so taken and signed by all the members of the Board of Directors or of a committee, as the case may be, must be filed as the minutes of

proceedings of the Board of Directors or the committee. Such consent shall have the same force and effect as a unanimous vote and may be stated as such in any document.

Section 4. Subject to the provisions of applicable law, the Articles of Incorporation and these By-laws regarding notice of meetings, members of the Board of Directors or of any committee designated thereby may, unless otherwise restricted by law, the Articles of Incorporation or by these By-Laws, participate in a meeting of such Board of Directors or committee by means of a telephone conference or similar communications equipment whereby all persons participating in the meeting can hear each other. Participation by such means shall constitute presence in person at such meeting, except when a person participates in the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting was not lawfully called or convened. When such a meeting is conducted by means of a conference telephone or similar communications equipment, a written record shall be made of the action taken at such meeting.

ARTICLE XI Waiver of Notice

Whenever any notice is required to be given under the provisions of the Texas Non-Profit Corporation Act or under the provisions of the Articles of Incorporation or the By-Laws of the Corporation, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE XII Dissolution or Liquidation

Section 1. In the event of dissolution or final liquidation of the Corporation, none of the property of the Corporation nor any proceeds thereof shall be distributed to, or divided among, any of the directors or officers of the Corporation or inure to the benefit of any individual.

Section 2. After all liabilities and obligations of the Corporation have been paid, satisfied, and discharged, or adequate provisions made therefor, all remaining property and assets of the Corporation shall be distributed to one or more organizations designated (1) pursuant to a plan of distribution adopted as provided for under Texas law, or (2) if there be no appropriate plan of distribution, as a court may direct (pursuant to the laws of Texas) provided that in any event such property shall be distributed only to organizations which shall comply with all of the following conditions:

(a) Such organization shall be organized and operated exclusively for charitable, religious, and/or educational purposes and shall have purposes similar to those of the Corporation and which are exempt under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

(b) Transfers of property to such organization shall, to the extent then permitted under the statutes of the United States, be exempt from federal gift, succession, inheritance, estate, or death taxes (by whatever name called).

(c) Such organization shall be exempt from federal income taxes by reason of Section 501(c)(3) of the Internal Revenue Code of 1986, or corresponding provisions of any subsequent federal tax laws.

(d) Contributions to such organization shall be deductible by reason of Section 170 of the Internal Revenue Code of 1986, or corresponding provisions of any subsequent federal tax laws.

ARTICLE XIII Fiscal Matters

Section 1. The Board of Directors may authorize any officer or officers, agent or agents of the Corporation, in addition to the officers so authorized by these By-Laws (see Article V Section 3), to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation. Such authority may be general or confined to specific instances.

Section 2. All checks, drafts, or orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors. In the absence of such determination by the Board of Directors, such instruments shall be signed by the President or a Vice President of the Corporation or Executive Director of the Corporation, if appointed or elected.

Section 3. All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks, trust companies, or other depositories as the Board of Directors may select.

Section 4. The Board of Directors shall have the power to fix, and from time to time change, the fiscal year of the Corporation. Unless otherwise fixed by the Board of Directors, the fiscal year of the Corporation shall end on June 30th.

ARTICLE XIV Books and Records

The Corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its Board of Directors and committees having any of the authority of the Board of Directors. All books and records of the Corporation may be inspected

by any director or his agent or attorney for any proper purpose at any reasonable time.

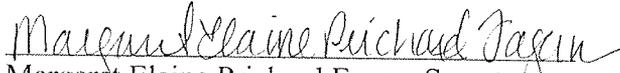
ARTICLE XV
Amendments

The Board of Directors shall have power to make, amend or repeal the By-Laws of the Corporation by vote of a majority of the directors in office at any annual, regular or special meeting, provided notice of intention to make such changes at said meeting shall have been mailed to each director at least three (3) days prior to said meeting, or without such notice by a unanimous vote of all the directors then in office.

The undersigned President and Secretary of **The Prichard Family Foundation**, Corpus Christi, Nueces County, Texas, hereby certify that the above and foregoing By-Laws were unanimously adopted by the directors, effective the 10 day of OCTOBER, 1998.



Lev H. Prichard, IV, President



Margaret Elaine Prichard Fagan, Secretary

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