

## ARTICLE 3

### POATRI MEMBERSHIP

#### **3.01. CLASSES OF MEMBERS.**

The Corporation shall have one class of Members.

#### **3.02. MEMBER DEFINED.**

Members shall be all persons or entities who:

- a. Are owners of record, according to the Brewster County Texas Deed Records, of real property which is located on Terlingua Ranch, and/or;
- b. Are purchasing property which is located on Terlingua Ranch, and have executed a written agreement with POATRI to pay all POATRI charges, fees and/or assessments associated with the land.
- c. Persons wishing to establish that they are POATRI Members must provide the General Manager with copies of the necessary documents, under Sections 3.02(a) and/or 3.02(b).
- d. Sole owners, joint tenants or tenants in common, or any entity owning property in Terlingua Ranch, shall be counted as only one Member, regardless of number of lots owned or the size of the assessment paid, save and except that any holder or owner of any right-of-way easement or similar interest, shall not, by reason of any such interest owned or acquired by them, be or become a Member of the Corporation.

#### **3.03. MEMBERS IN GOOD STANDING DEFINED.**

A POATRI Member in Good Standing has the right to vote in any POATRI election, and the right to use and enjoy POATRI facilities and property. The Board of Directors shall have sole responsibility and authority for determining the good standing status of any Member. A Member in Good Standing is any Member who:

- a. For the purposes of exercising their right to vote, has, not less than sixty (60) days prior to the taking of any POATRI vote, fully paid all POATRI

- assessments due under the Maintenance Agreement and/or any amendments thereto, has fully paid all other fees and charges due POATRI, and whose good standing status has not been suspended under Sections 3.10 and 3.11; and
- b.** For all other purposes, has fully paid all POATRI assessments due under the Maintenance Agreement and/or any amendments thereto, has fully paid all other fees and charges due POATRI as of the time the Member wishes to exercise those rights and whose good standing status has not been suspended under Sections 3.10 and 3.11.
  - c.** Any Member not conforming to the provisions of this section shall be declared by the Board to not be a Member in Good Standing and shall be disqualified from voting on POATRI matters, and the right to use and enjoy POATRI facilities and property, until such time as Member in Good Standing status is attained and so declared by the Board.

#### **3.04. MEMBERSHIP VOTING RIGHTS.**

All POATRI Members will be fully informed about each issue being brought before the Members for a vote, and have equal opportunity to place an informed vote on each issue. All issues to be decided by the Members will be decided by mailed ballot. Ballots will be sent to Members in Good Standing as defined in Section 3.03. A simple majority of votes cast by Members in Good Standing is required to carry the election of a Director, or to decide any other issue, except as described in Section 4.01(c) below. Votes must be cast as follows:

- a.** Ballots for the election of Directors shall be mailed to Members not less than 45 days, and not more than 60 days, prior to the Annual Members' Meeting held on the last Saturday in January. Members must then mark the ballots and send them to the Independent Vote Counter so that they are received by the Independent Vote Counter by the last Friday prior to the last Saturday in January. Announcement of the newly elected Board Members will be made by the outgoing Board of Directors at the January Board Meeting.

- b. Ballots for voting for all issues other than the election of Directors shall be mailed to Members not less than 45 days, and not more than 60 days, prior to the election date. Marked ballots must be received by the Independent Vote Counter no later than the day prior to the election date. The Independent Vote Counter will total ballots within five (5) days after the election date. Election results will be available upon request from the General Manager's office within seven (7) days of the election. Announcement of election results will be made to the Members at large by the Board of Directors in a timely, cost effective manner.
- c. At an Annual or Special Members' Meeting, if a quorum of Members in Good Standing has been attained, Members in Good Standing present may vote on non-binding referenda which will, if passed by a majority of those casting votes, go to the Board of Directors for the Board's consideration and/or further action. Every referendum initiated by the Members that has a financial impact on POATRI must be accompanied by a cost estimate and identify how this cost will be met.

### **3.05. RIGHT OF MEMBERS TO PETITION BOARD FOR SPECIFIC ACTION.**

At any time, Members may raise an issue with the Board of Directors by presenting the Board with signed and postmarked Petitions from at least five percent (5%) of the Members in Good Standing, as per the Policies and Procedures manual. The Petition shall clearly state the issue being raised and the action being requested. If the requested action has a financial impact on POATRI, the Petition must include an estimate of the cost and identify how this cost will be met. The Petition shall specify the name and address of a contact person with whom the Board of Directors may communicate regarding the Petition.

- a. The Board of Directors shall consider the issue presented in the Petition, and decide whether or not the issue is appropriate for action by the Board. If the Board decides to take no action regarding the issue, the Board shall communicate in writing that decision to the contact person.

- b.** If the Board of Directors determines that the action requested in the Petition should be put to a vote of the Members, the Board and the Petitioning Member will draft a ballot regarding the requested action and send the ballot to the Members for a vote with the next regular POATRI mailing.
- c.** If the Board of Directors decides to take no action under Sections 3.05(a) and 3.05(b) above, the Petitioners may, by obtaining signed and post marked Petitions from at least fifteen percent (15%) of the Members in Good Standing, as per the Policies and Procedures manual, cause the issue to be brought to a vote by the Members. The Petition must include the ballot the Petitioners wish to have submitted for a vote by Members. The Board must then send the ballot out to the Members with the next regular POATRI mailing. The Petitioners will be responsible for any costs which will be incurred because of sending the ballots to the Members, including but not limited to, any additional postage, cost of printing, cost of labor, and cost of having the votes counted. Before this ballot will be sent the full amount of estimated costs of the mailing and vote count must be deposited by the Petitioners with the General Manager. The cost estimate will be the cost of the last similar regular mailing and vote count, as determined by the General Manager.

**3.06. MEMBERS' LIST.**

- a.** The list of Members shall include Members as defined under Section 3.02(a) and 3.02(b). The General Manager will maintain the membership list.
- b.** Members in Good Standing who make a written request to the General Manager, as per the Policy and Procedures Manual, may obtain a copy of the Members List detailing the names, addresses, tract numbers and good standing status of the members.
- c.** If a Member is omitted from the Members' List in error, such Member may appeal to the General Manager by submitting valid written proof of

property ownership. The General Manager shall then make corrections to the Members' list.

### **3.07. OFFICIAL VOTERS' LIST**

- a. The Official Voters' List is a Members' List which is created sixty (60) days prior to any Members' Meeting, or sixty (60) days before the date of any election, and which is used to determine good standing status of Members for the purposes of the Member's Meeting or the election.
- b. If a Member is omitted from the Voter's List in error, such Member may appeal to the General Manager by submitting valid written proof of property ownership, and proof of payments of POATRI assessments and other charges, at least fifty (50) days prior to the date of the election. The General Manager shall then make corrections to the Voters' List.
- c. Two printed copies of the Official Voters' List shall be made available sixty (60) days prior to any official Members' Meeting and/or any POATRI election. No changes may be made to the Voters' List, except as provided in Section 3.07(b), until the meeting has been held or the election is completed. One printed copy of the Official Voters' List shall be made available in the POATRI office, during office hours, for review by Members. The Independent Vote Counter shall have the second printed copy of the Official Voters' List.
- d. The Official Voters' List will only be made available as described in Section 3.07(c).

### **3.08. ANNUAL MEMBERS' MEETING.**

If a quorum has been attained, an Annual Members' Meeting will be held on the last Saturday in January each year at POATRI's registered office. The purpose of the meeting is to allow a discussion by Members of POATRI's past year's activities and actions, and to plan POATRI's future. At the Annual Members' Meeting:

- a. Any Member may propose an issue to be addressed by the Board;

- b. Any Member may present formal Petitions for the Board to consider; as permitted under Section 3.05;
- c. Members in Good Standing who are present may vote on non-binding referenda, as defined in Section 3.04(c).
- d. A quorum will be attained for an Annual Meeting of Members if the combined total of at least 10% of the Members in Good Standing is reached by the Members in Good Standing who have returned their written ballot for Directors as per Section 3.04(a), and those Members in Good Standing who attend the meeting in person.

**3.09. SPECIAL MEMBERS' MEETING:**

- a. A Special Members' Meeting may be called by a majority vote of the Board of Directors, who then must cause written notice of the place, date and time of the meeting to be delivered to each Member, not less than 45 days, and not more than 60 days, prior to the date set for the Meeting. The notice shall include a detailed agenda outlining the specific issues to be addressed in the meeting.
- b. A Special Members' Meeting may also be called by a Petition signed by at least ten percent (10%) of the Members in Good Standing requesting a Special Members' Meeting and detailing the purpose of the Special Members' Meeting. If the Board of Directors receives such a Petition, the Board must then cause written notice of the place, date and time of the meeting to be delivered to each Member, not less than 45 days, and not more than 60 days, prior to the date of the Meeting. The notice shall include a detailed agenda outlining the issues to be addressed in the meeting.
- c. The Petitioners will be responsible for all costs incurred by POATRI in connection with a Special Members' Meeting called by Petition, including facilities charges, and costs incurred for sending the notice, including but not limited to any additional postage, cost of printing, and cost of labor. Before notice will be sent for the meeting, the full amount of estimated

costs of the meeting and of sending notice to the Members must be deposited by the Petitioners with the General Manager. The cost estimate will be based on the cost of the last similar regular mailing, as determined by the General Manager.

- d. At a Special Members' Meeting the only issue(s) that may be addressed are those that were listed on the agenda sent with the notice of the meeting.
- e. At a Special Members' Meeting the only action that may be taken is:
  - 1) Members may present Petitions for the Board to consider, per Section 3.05, regarding the specific issue(s) about which the meeting was called; and/or
  - 2) Members in Good Standing attending the meeting may vote on non-binding referenda, per Section 3.04(c), regarding the issue(s) about which the meeting was called.
- f. A quorum will be attained for a Special Members' Meeting by:
  - 1) The Petition containing the signatures of at least ten percent (10%) of the Members in Good Standing which was used to call the meeting, or
  - 2) In the case of a Special Member's Meeting being called under Section 3.09(a), a new Petition containing the signatures of at least ten percent (10%) of the Members in Good Standing stating that the signatories want to constitute a quorum for the Special Members' Meeting, and
  - 3) The 10% required for a quorum may be attained by a combination of the Members in Good Standing signing the Petitions in paragraphs 1 and 2 above and those Members in Good Standing attending the Special Members' Meeting in person.

### **3.10. MEMBERS' RESTRICTED ACTS.**

POATRI's purpose is to protect the property rights and interests of all Members, including protecting all Members from the improper acts of individual Members.

Therefore no POATRI Member may do any act that harms POATRI or any of its operations, including, but not limited to:

- a. Actions which cause unnecessary financial burden to POATRI; and/or
- b. Spread false allegations of criminal conduct or gross mismanagement about POATRI, and/or POATRI Board Members, and/or POATRI employees, to other POATRI Members, and/or the public at large. Such allegations shall include, but not be limited to: unproven allegations of fraud, malfeasance in office, embezzlement, theft, violations of State and/or Federal laws, criminal negligence, and other such offences.
- c. Spread false information about the financial status of POATRI where such information may negatively impact property values, property sales, or the ability of members to obtain property-based loans.

### **3.11. SANCTIONS REGARDING RESTRICTED ACTS BY MEMBERS.**

When the Board receives a written allegation that a Member has committed any of the restricted acts listed in Section 3.10, said allegation will be reviewed by the Board to determine appropriate action, if any. If the actions in question are allegations against the Board as a whole, the corporate attorney and auditor will review the allegations to determine appropriate action. Upon review of the allegations a majority of the Board, or the corporate attorney and auditor in the case of allegations against the Board as a whole, shall take the following action:

- a. determine that no cause exists to require further action and so inform the complainant in writing, or
- b. determine that cause exists to hold a Board review of said allegation, at which time the President of the Board shall:
  - 1) Notify the Member committing restricted acts, in writing, of the specific paragraph(s) in Section 3.10 the Board believes the Member has violated, and;
  - 2) Describe the action(s) the Member took which was/were in violation of any paragraph(s) in Section 3.10, and;



1. Require the Member to make restitution to POATRI for any financial damages caused by the improper act(s) before reinstatement of the Member's good standing status; and/or
  2. Require the Member to make a public retraction of untrue statements, to be posted on the POATRI website and in the next scheduled newsletter, before reinstatement of the Member's good standing status; or
  3. Reinstatement the good standing status of the Member with no further action taken by the Member.
- f. A Member sanctioned for restricted acts under Sections 3.10 and 3.11 is in no way relieved of the obligations of Membership found in Section 3.03.

### **3.12. NO MEMBER INTEREST IN CORPORATE PROPERTY.**

POATRI owns all real and personal property, including all improvements which are located on POATRI property or acquired by POATRI. A Member has no individual interest in specific POATRI property. No Member has the right to require partition of all or any part of POATRI's property.

### **3.13. SALE, LEASE OR EXCHANGE OF ALL, OR SUBSTANTIALLY ALL, PROPERTY AND ASSETS; PROXIES**

a. Where the Board has adopted a resolution recommending the sale, lease or exchange of all, or substantially all, of POATRI's property and/or assets, the matter shall be submitted to a vote at a meeting of Members having voting rights as specified in POATRI's Bylaws under Art. 3.04, which may be either an annual or special meeting. For any POATRI property or asset which has a fair market value of \$100,000.00 or more, the process specified herein shall be followed.

b. Written or printed notice stating that the purpose, or one of the purposes, of such meeting is to consider the sale, lease or exchange of all, or substantially all, the property and/or assets of POATRI shall be given to each Member entitled to vote at such meeting, within the time and in the manner provided by Art. 3.04 b. The notice shall include a reasonable description of each and all property and other assets, if any, included in the proposed sale, lease or exchange.

c. At such meeting, the Members may authorize such sale, lease or exchange and may fix any or all of the terms and conditions thereof and the consideration to be received by POATRI therefore. Such authorization shall

require authorization by two-thirds (2/3) of the total votes cast by Members at such meeting in person or by proxy, as herein specified.

d. After such authorization by vote of the Members, the Board, nevertheless, in its discretion, may abandon such sale, lease or exchange subject to the rights of third parties under any contracts relating thereto, without further action of approval by Members.

e. Proxies: Solely for purposes of Art. 3.13 and for no other, Members may vote through a proxy, executed in writing by the Member, which designates the POATRI Secretary of the Board as the holder of such proxy entitled to cast such vote.

- 1) A valid proxy shall be on a form authorized by the Board for such purposes and which shall state the address, facsimile number and email address where the executed proxy may be returned; and state the deadline for receipt of the proxy. A valid proxy may be transmitted by mail, delivery service, facsimile, electronic transmission or in person to POATRI's Secretary, but shall be valid only if received prior to the deadline stated on the proxy.
- 2) A valid proxy shall be dated and executed only by the Member or his/her legally authorized representative. Any proxy executed other than by the Member shall state the legal capacity in which it is executed and if by power of attorney, such power of attorney shall be notarized and a copy of the power of attorney executed by the Member shall be delivered with the proxy. Proxies received without a Member's signature or incomplete representative designation or non-legally recognized representative capacity or without a date of execution or by power of attorney and for which a copy of the power of attorney is not provided shall not be valid.
- 3) No proxy shall be valid after six (6) months from the date of its execution, unless otherwise expressly provided in the proxy. Further, once the proxies have been cast at a meeting whose purpose, or one of the purposes, is for the Members to consider the sale, lease or exchange of all or substantially all of POATRI's property and/or assets, the proxies shall not be cast in any subsequent vote of the Membership.
- 4) The Board shall appoint one or more Directors and/or Members in Good Standing (a "Proxy Task Force") to review and inspect proxies timely received. The Proxy Task Force shall have no less than three (3) members, but no more than five (5). Only proxies which are found to be invalid by the Task Force shall be further reviewed by either the Board or the Executive Committee, as

determined by a vote of the Board. The decision of the Board or Executive Committee, as the case may be, as to the validity of any specific proxy shall be final.

