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### **CERTIFICATE OF SECRETARY**

These Bylaws govern the affairs of the Property Owners Association of Terlingua Ranch, Inc. (POATRI), a Texas Nonprofit Corporation.

### **DEFINITIONS**

"ANNUAL MEMBERS' MEETING": the regular annual meeting of POATRI Members, held the last Saturday of January each year.

"ARTICLES OF INCORPORATION": the Articles of Incorporation for the Property Owners Association of Terlingua Ranch, Inc, Charter Number 393781-01, Certificate of Incorporation issued November 26, 1976.

"BOARD OF DIRECTORS": the group of persons elected by POATRI Members or appointed by the Board, who are vested with the administration of POATRI affairs. Also referred to as "the Board"

“COMMUNICATION BY THE BOARD OF DIRECTORS”: may be via the internet, e-mail, newsletter, announcement at a meeting, special mailing, posted notice and/or any other means available that prove to be the most cost effective and/or efficient means to notify Members, where such notice is required under these Bylaws.

"CONFLICT OF INTEREST": When a person has substantial business or personal interests that may cause that person to act based on those interests rather than the POATRI interests.

“DIRECTOR”: a person elected by the Members, or appointed by the Board, to serve on the POATRI Board of Directors.

“GENERAL MANAGER”: an employee of the Board of Directors to whom the Board has delegated such authority as the Board deems advisable, including but not limited to, the authority to manage POATRI’s day to day operations.

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“INDEPENDENT VOTE COUNTER”: the person appointed by the Board of Directors to receive, count, and tally all mailed ballots from Members, and then report the outcome of the vote to the Board of Directors. The Independent Vote Counter must not be a POATRI Member or employee, nor be related by blood, marriage, or law to any member of the Board of Directors or candidate for the Board.

"MAINTENANCE AGREEMENT": the document entitled “Terlingua Ranch Maintenance Association”, dated and effective as of November 1, 1970, recorded at Vol. 173, Page 213-227, of the Deed Records in Brewster County, Texas, as well as all subsequent amendments thereto.

“MEMBERS”: persons or entities who own land on Terlingua Ranch, as defined more fully in Section 3.02.

"MEMBERS IN GOOD STANDING": persons or entities who own land on Terlingua Ranch, as defined more fully in Section 3.02, and who are current in their payment of all charges, fees and assessments owed to POATRI, as defined more fully in Section 3.03.

"MEMBERS' LIST": the Members' List shall include all Members, as defined under section 3.02(a) and (b). The Members' List shall include the names, addresses, tract numbers and good standing status of the Members.

"OFFICIAL VOTERS' LIST": A Members' List which is created 60 days prior to any Members' meeting, or 60 days before the date of any election, and which is used to determine good standing status of Members for the purposes of the meeting or the election.

"PETITION": a writing signed by a number of Members in Good Standing asking for a specific result.

"POATRI": the Property Owners Association of Terlingua Ranch, Inc.

"QUORUM": Defined for the purpose of the Annual Members' Meeting at 3.08(d), Special Members' Meeting at 3.09(f) and Board of Directors' Meeting at 4.09(a)(b) and (c).

"SPECIAL MEMBERS' MEETING": any meeting of the Members, except the Annual Members' Meeting.

"STANDING COMMITTEES": the following Committees: Budget and Finance, Audit, Hunt, Nominating and Media.

“TASK FORCE”: a group of Members created by the Board for a specific purpose. These groups are in addition to the Standing Committees, and exist entirely to assist the Board, as the Board deems appropriate.

"TERLINGUA RANCH": All property located in Brewster County, Texas and described in any of the following agreements:

- TRMA agreement filed of record, Vol. 173, page 213 and any amendments or supplements to such agreement filed by Terramar Corporation in the office of the County Clerk, Brewster County, Texas [Exhibit A and subsequent property added by Terramar]
- Agreement filed of record, Vol. 167, page 241 [Hunt Agreement – Expired 12/31/94]
- Agreement filed of record Vol. 185, page 704 [Hunt Agreement – Expired 12/31/94]
- Any other property located in Brewster County, Texas, which Terramar Corporation has been, or shall be, the owner of record title

All property which meets this definition is a part of the Terlingua Ranch Maintenance Association and is subject to the terms and conditions of the TRMA.

## ARTICLE 1

### POATRI OFFICES

#### **1.01. PRINCIPAL OFFICE.**

POATRI's principal office is located 16 miles east, off of Highway 118 on Terlingua Ranch Road, Brewster County, Texas. The mailing address is Post Office Box 638, Terlingua, Texas 79852. Physical address is 16000 Terlingua Ranch Rd., Terlingua, TX 79852

POATRI's Registered Agent is its General Manager, who is located at the principal office. In the absence of a General Manager, the Registered Agent will be the POATRI Board President. POATRI may have such other offices, in Texas or elsewhere, as the Board of Directors may determine. The Board may change the location of any POATRI office.

## ARTICLE 2

### POATRI FUNCTIONS

#### **2.01. PURPOSE OF POATRI.**

POATRI's purpose is to protect the property rights and interests of all Members by rendering such services as the Board of Directors shall deem practical and appropriate and that are within the limitations set forth in the Articles of Incorporation.

#### **2.02. ACTIVITIES OF POATRI.**

To properly carry out the purposes enumerated in Section 2.01, POATRI may, at the discretion of its Board of Directors, perform any and/or all of the following activities:

a. Administer and enforce the Maintenance Agreement, and all amendments thereto, covering Terlingua Ranch or any part thereof, including the assessment and collection of fees and/or charges.

b. Develop, improve and/or maintain any safety and/or health projects which are located on property owned or leased by POATRI.

c. Develop, improve and/or maintain any recreational or other areas which are located on property owned or leased by POATRI.

d. Improve and maintain roads that give access to, or are within Terlingua Ranch, or on properties leased by POATRI.

e. Perform such other functions as are deemed by the Board of Directors to be necessary and expedient to the promotion of the rights and interests of the Members.

## 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;
  - 3)** Notify the Member of the date, time and place of the executive session of the regular or special meeting of the Board at which the matter will be addressed, and;
  - 4)** Such notice shall be sent by first class mail and by certified, return receipt requested mail at least thirty (30) days prior to the meeting, and;
  - 5)** The Member will have the opportunity to respond to the allegations made in the notice either in person at the executive session, in a sworn, notarized, written statement read at the executive session, or by a designated representative authorized to represent the Member at the executive session.
- c.** At any time, the Board may accept a written retraction from the Member in lieu of continuation of the sanctioning process; such retraction will be posted on the owner website and in the next newsletter.
- d.** If a Member is found by a majority vote of the Board to have committed any of the restricted acts in Section 3.10, the Board shall take one of the following actions:
- 1)** Publicly sanction the offending Member by reading, at a regular Board of Director's meeting, a written sanction, which shall include the specific paragraph(s) of Section 3.10 that was/were violated by the Member, and the specific action(s) taken by the Member that was/were in violation of the paragraph(s) of Section 3.10, or;
  - 2)** Upon a two-thirds (2/3) vote of the Directors, suspend the good standing status of the Member for a time period the Board deems appropriate to the offense.
- e.** Any Member whose good standing status has been suspended by the Board under Section 3.11 for having committed a restricted act or acts under Section 3.10 may, at any time after the suspension has been

imposed, request in writing that the Board reinstate his/her good standing status. Upon a two-thirds (2/3) vote of the Board, the Board may:

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. Reinstate 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.

## ARTICLE 4

### POATRI BOARD OF DIRECTORS

#### **4.01. NUMBER AND LENGTH OF TERM OF DIRECTORS.**

a. The Corporation shall be administered by a Board of Directors, which consists of nine (9) Directors duly elected by the Members in Good Standing by mailed ballot, or appointed by the Board of Directors to fill a vacancy between elections, as per Section 4.07.

b. In January of each year three (3) new Directors shall be elected to serve a three-year term. No Director may serve more than two (2) consecutive elective three-year terms. Any Director who is ineligible for election due to the two-term limit cannot be appointed to fill a vacancy on the Board for one calendar year following the expiration of his/her last term.

c. The entire Board, or any Director on the Board, may be recalled by a two-thirds (2/3) vote of those votes cast by Members in Good Standing. A recall Petition of 10% of the Members in Good Standing asking that one or more Directors be recalled shall suffice to require the Board to submit the recall to a vote of the Members by mailed ballot at the next regular POATRI mailing.

d. The Petitioners asking for recall will be responsible for all costs incurred by POATRI in connection with sending a recall ballot 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 the recall ballot will be sent, the full amount of estimated costs of sending the recall ballot 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.

#### **4.02. AUTHORITY OF DIRECTORS**

The Board of Directors shall have the power and responsibility to make Policies and Procedures for their own governance and for the governance of POATRI, to prescribe and enforce penalties for violation of the POATRI Policies and Procedures and POATRI Bylaws, and to exercise such powers as may be necessary or proper to ensure that the property rights and interests of all POATRI Members are protected, and to ensure the welfare of POATRI.

#### **4.03. QUALIFICATIONS AND LIABILITY OF DIRECTORS.**

- a. Any Member in Good Standing who has continuously owned property in Terlingua Ranch for a period of at least one (1) year and who otherwise meets the qualifications to serve as a Director is eligible to seek election to a seat on the Board of Directors.
- b. A Director shall not be a POATRI employee.
- c. A Director shall not be related as husband/wife, significant other, parent/child, child's spouse, or sibling to another Director or to a POATRI employee.
- d. Any Director who has been convicted of a felony involving moral turpitude within ten (10) years or convicted of a misdemeanor involving moral turpitude within five (5) years prior to the date he/she is to commence service as a Director, shall be immediately disqualified from serving as a Director. At the first Board meeting held each year, each Director shall sign an affirmation that he/she has not been convicted of a felony or a misdemeanor involving moral turpitude within the time limits specified herein. Such affirmation shall either be notarized or witnessed by two (2) disinterested witnesses. Failure to submit such affirmation shall immediately disqualify such Director until such time as he/she complies with this provision. Should any individual Director fail to comply with this

provision, the Board may, after a reasonable amount of time (which shall not be less than thirty (30) days) appoint a qualified Member pursuant to Article 4.07 to serve as Director in place of the disqualified Director. "Moral turpitude" shall include conduct that involves dishonesty and/or offenses against public decency.

- e. Any candidate to serve as a Director who has been convicted of a felony involving moral turpitude within ten (10) years, or convicted of a misdemeanor involving moral turpitude within five (5) years' of the deadline to submit Director candidate Applications is disqualified from serving as a Director. Concurrent with the filing of the Application for Director candidacy, all candidates for Director shall file an affirmation that they have not been convicted of a felony or a misdemeanor involving moral turpitude within the time limits specified herein. Such affirmation shall either be notarized or witnessed by two (2) disinterested witnesses. Failure to submit such affirmation shall immediately disqualify such Director candidate until such time as he/she complies with this provision. In no event may compliance with this provision occur after the last Friday before the last Saturday in October. "Moral turpitude" shall include conduct that involves dishonesty and/or offenses against public decency.
- f. Each Director shall annually affirm and sign the Code of Ethics and Standard of Conduct of the POATRI Board of Directors and the Release and Indemnification Agreement at the January Board meeting. Failure to do so shall disqualify such Director from serving until such time as the Director complies with this provision. Should any individual Director fail to comply with this provision, the Board may, after a reasonable amount of time (which shall not be less than thirty (30) days) appoint a qualified Member pursuant to Art. 4.07 to serve as Director in place of the disqualified Director.

- g. A Director shall discharge the Director's duties, including duties as a Committee member, in good faith, with ordinary care, and in a manner the Director reasonably believes to be in the best interest of POATRI.
- h. A Director is not liable to POATRI, a Member, or another person for an action taken or not taken as a Director, if the Director acted in compliance with Art. 4.03 g.

#### **4.04. ANNOUNCEMENT FOR CANDIDACY OF DIRECTORS.**

Every year there will be three vacancies for Directors on the Board. No earlier than September 1 of each year, Members in Good Standing interested in running for election to the Board may obtain from the General Manager an Application for Director. Such Application must then be received by the Board of Directors no later than the close of business on the Friday preceding the October meeting of the Board of Directors.

#### **4.05. REMOVAL OF DIRECTORS FROM THE BOARD.**

The Board of Directors shall remove a Director from the Board if:

- a. The Director is no longer a Member in Good Standing, or
- b. The Director has been absent from a total of four Board Meetings within a term.

The Board of Directors may remove a Director from the Board if the Director has failed to attend two consecutive Board Meetings.

The Board may not appoint to the Board any person who has been removed from the Board under Section 4.05. Any Director who has been removed under Section 4.05, and who qualifies under Section 4.01(b) and Section 4.03(a) (b) and (c) may run for re-election to the Board.

#### **4.06. RESIGNATION OF DIRECTORS FROM THE BOARD.**

A Director may resign from the Board by submitting a written resignation to the President of the Board. In the event of the resignation of the President of the Board, the resignation should be submitted to the Vice-President of the

Board. The resignation becomes effective upon acceptance of the resignation by the Board.

#### **4.07. DIRECTOR VACANCY.**

a. If more than two (2) vacancies occur on the Board prior to the expiration of the vacating Directors term, only those vacancies in excess of two (2) shall be filled by appointment, to increase the number of directors to a minimum of seven. Appointments will occur by a majority vote of the remaining Directors at the next quarterly Board meeting in the manner specified in the Policy and Procedures Manual.

b. A Director appointed to fill a vacancy will serve only until the end of the current POATRI business calendar; at which time all vacancies will be filled by election of the members at the regularly scheduled annual meeting. The vacancies filled by a member's election will be filled for the remaining term of the vacated seat in the manner specified in the Policy and Procedures Manual.

#### **4.08. MEETINGS OF DIRECTORS.**

a. Regular Board Meetings shall be held on the last Saturday of the month in January, April, July, and October. The Agenda for the Regular Board Meetings shall be posted on the POATRI website and/or shall be communicated by the best means available to ensure as much notice as possible, without a special mailing, not less than fourteen (14) days prior to the meeting. Written notices of the agenda for the meeting shall also be posted at the registered office and at the Terlingua Post Office and any other location(s) deemed appropriate by the Board.

b. Special Board Meetings may be called by the President of the Board or by resolution of the majority of the Directors.

c. The time of all regular and special meetings of the Board of Directors shall be determined by the Board. All meetings shall be held on or within ten (10) miles of the boundaries of Terlingua Ranch. Notice of all meetings shall be e-mailed or delivered by first class mail to each Director at least fourteen (14) days

prior to the date set for the meeting. Notice shall be made by certified mail with a return receipt requested, if requested in writing by a Director. Such notice shall include a detailed agenda of the issues to be dealt with at the meeting.

d. No remuneration for any Director's expenses for travel or time spent will be made, except for accommodation at Terlingua Ranch for a reasonable time prior to and during Board meetings.

e. The agenda for Special Board Meetings shall be posted on the POATRI website and/or shall be communicated by the best means available to ensure as much notice as possible, without a special mailing, not less than fourteen (14) days prior to the meeting. Written notice shall also be posted at the registered office and at the Terlingua Post Office and any other location(s) desired by the Board.

f. At any Special Board Meeting, only the business set forth in the detailed agenda shall be transacted.

g. At the first meeting of the newly elected Board, the Board shall elect officers.

h. The Board may hold telephonic and/or electronic workshops. Emergency telephonic and/or electronic Board Meetings may be held to address issues where urgent resolutions are required, but where possible, resolutions should only be voted on in regular or special meetings. Records shall be kept of all such meetings and minutes of each meeting shall be presented at the next Regular or Special Board Meeting. Full details of voting shall be recorded and presented at the next Regular or Special Board Meeting.

#### **4.09. QUORUM OF DIRECTORS.**

a. The majority of the nine (9) sitting Directors, which would be five (5) Directors, shall constitute a quorum for the transaction of any and all POATRI business at any meeting of the Board.

b. In the event that a Board meeting takes place after the resignation of one or more Directors, but prior to the appointment of the replacement(s), a

quorum shall consist of a majority of the sitting Directors, but in no case fewer than four (4) Directors.

c. In the absence of a quorum, the Directors present at a meeting must adjourn the meeting to a later date when a quorum is present; except,

1. In the event that six (6) or fewer Directors remain on the Board, the only action that the Board can take is to arrange for an election of Directors by the Members to fill the vacancies. Such election shall be held within three months of when the number of sitting Directors falls below seven;

2. In the event that no Directors remain on the Board, the General Manager shall arrange an election of Directors by the Members to fill all vacancies. Such election shall be held within three months of when the number of Directors remaining on the Board reaches zero (0).

#### **4.10. DUTIES OF DIRECTORS.**

The Board of Directors shall establish the policies, criteria, and limitations within which they shall administer POATRI affairs. Pursuant to these duties, the Board shall:

a. Establish the operating budget within which the Board shall annually administer POATRI affairs;

b. Supervise all Board officers in the performance of their duties;

c. Maintain, or provide for the maintenance of, complete records of all money received and expended, make such records available for inspection by Members in Good Standing, as per the Policies and Procedures Manual, and issue an annual audited report thereof to the Members;

d. Keep for at least three (3) years a complete record of all official minutes of all meetings of the Board of Directors. An electronic recording of all such meetings will be made. Reports will be made of all official phone conferences of the Board, but no electronic copy or formal minutes will be taken. Committees shall produce whatever reports deemed necessary by the Board, but their proceedings need not be recorded or minutes taken.

The official minutes of all Board meetings will be open to inspection by the Members in Good Standing, as per the Policies and Procedures Manual, except matters dealt with in executive sessions. Minutes shall be kept in a hardcopy file.

e. The Board of Directors shall have the responsibility and authority to employ a General Manager, who shall employ and manage such other staff as the POATRI affairs shall require. The Board may delegate to the General Manager so much of its authority as the Board shall deem advisable.

4.10.f. In October of each year the Board of Directors shall review the average, for the period covering from September of the previous year through August of the current year, of the monthly United States Department of Labor, Bureau of Statistics, All Urban Consumers (South Urban) Consumer Price Index (CPI) on which the CPI in Section I of the Maintenance Agreement, (approved July 23, 2005), based. Upon this annual review, the Board shall adjust the assessment for the coming year by adding to that assessment an amount equal to the preceding 12-month average. Only upon certification from the Treasurer of the Board of Directors that a budgetary surplus has been forecast for the upcoming year, may the Board of Directors waive the annual CPI increase or adjust the assessment by some amount less than the preceding 12-month average.

#### **4.11. ACTION OF THE BOARD OF DIRECTORS.**

Every act and decision by a quorum of the Directors present at any meeting shall be regarded as the act and/or decision of the Board, and as such shall bind POATRI.

#### **4.12. RESOLUTIONS BY THE BOARD OF DIRECTORS,**

Every resolution passed by the Board of Directors which has a financial impact on POATRI shall be accompanied by an estimated cost, and must delineate the budgetary line item(s) from which the funds are to be made available.

#### **4.13. DIRECTOR CONFLICT OF INTEREST.**

A conflict of interest arises when any Director has substantial business or personal interests that may cause the Director to vote based on those interests rather than the POATRI interests. In the event the Director does not voluntarily abstain from voting on any issue where an apparent conflict of interest exists, upon a motion by any Director, the remaining Directors shall determine whether or not a conflict of interest exists. If a majority of the Board determines that a conflict of interest does exist, the Director shall not vote on that issue.

#### **4.14. COMPENSATION FOR DIRECTORS,**

Directors may not receive compensation for their services as Directors or in any other capacity for POATRI.

## **ARTICLE 5**

### **POATRI OFFICERS**

#### **5.01. OFFICERS.**

POATRI officers shall include a President, a Vice-President, a Secretary, and a Treasurer, each of whom shall be elected from the Board of Directors at its first quarterly meeting. Each term shall be one year. No officer shall serve more than three (3) consecutive terms in a given office.

#### **5.02. REMOVAL OF OFFICERS.**

The Board shall have full authority to remove any of its officers from office by the vote of a majority of the Directors, with or without cause.

#### **5.03. DUTIES OF OFFICERS.**

The duties of POATRI officers shall be as follows, and as more specifically outlined in the Policies and Procedures Manual:

- a. The President shall:
  1. Be a voting member of the Board, and;
  2. Chair the Board of Directors for a one-year term, and;
  3. Carry out Board decisions in the administration of POATRI affairs, and;
  4. With the approval of the Board, execute contracts, conveyances, and other documents on behalf of POATRI, and;
  5. Appoint members and Chairs of Standing Committees, except that the Chair of the Budget and Finance Committee shall be the Treasurer, and;
  6. Be an advisory, non-voting member of all Standing Committees and Task Forces and shall be notified of all meetings in advance so as to be available and shall be advised of the action of all Standing Committees and Task Forces.

7. The President may create Task Forces.

b. The Vice-President, in the absence or inability of the President to serve, shall have all of the power and authority of the President.

c. The Secretary shall:

1. Issue, or cause to be issued, notices of Directors Meetings, Annual Members' Meetings and Special Members' Meetings, and;
2. Be responsible for creating and maintaining POATRI minutes and other POATRI records, and;
3. At least sixty (60) days before each Annual Members' Meeting, Special Members' Meetings or any election, make, or cause to be made, an Official Voters List.

d. The Treasurer shall:

1. Be responsible for the custody and disbursement of POATRI funds and securities, and;
2. Be responsible for the keeping of adequate books of account, and;
3. Cause to be created all financial statements as may be required by the Board of Directors and/or State law.

**ARTICLE 6**  
**RESTRICTED ACTS OF DIRECTORS**

**6.01. RESTRICTED ACTS OF DIRECTORS.**

POATRI's purpose is to protect the property rights and interests of all Members, and to ensure the welfare of POATRI, including protecting the same from the bad acts of POATRI Directors. Therefore, no Director, while sitting on the Board shall:

- a. Do any act in violation of any Section of these Bylaws or a binding obligation of POATRI.
- b. Do any act that harms POATRI or any of its operations.
- c. Do any act that would make it impossible, or unnecessarily difficult, to carry on POATRI's intended or ordinary business, including but not limited to:
  - 1) Failing to carry out assigned duties in a timely manner,
  - 2) Violating the confidentiality of Board information,
  - 3) Releasing incomplete, inaccurate or false information on topics being addressed, or under consideration by, POATRI.
- d. Receive an improper personal benefit from the operation of POATRI, including but not limited to:
  - 1) Preference on road maintenance,
  - 2) Extended complimentary use of POATRI facilities, beyond those specified in the Bylaws or the Policies and Procedures Manual,
  - 3) Preferential treatment by staff in the course of staff carrying out its normal duties.
- e. Use POATRI's assets, directly or indirectly, for any purpose other than carrying out POATRI's business.
- f. Wrongfully transfer or dispose of POATRI property, including intangible property such as good will.
- g. Use POATRI's name, or any substantially similar name, or any trademark or trade name adopted by POATRI, except on behalf of POATRI in the ordinary course of its business.
- h. Disclose any of POATRI's business practices, trade secrets, or any other information not generally known to the business community to any person not authorized to receive it.

- i. Become, as an individual, actively involved in the campaigns of others who are seeking seats on the Board of Directors. This provision does not prohibit a Director who is seeking re-election to the Board from aligning him/herself with others who are also seeking re-election or are seeking seats on the Board of Directors and/or sharing in the costs of joint campaign literature [written or electronic, including websites] with other candidates seeking election to the Board. Any current Director seeking re-election who aligns himself/herself with others seeking election or re-election to the Board, must include the following statement:
  - (i) I, (name) \_\_\_\_\_ am a current Director on the Board and I am seeking re-election to the Board. I have given my authorization and approval to appear in joint campaign literature with [names] \_\_\_\_\_ who also seek election to the Board of Directors.
- j. Become, as an individual, actively involved in the political campaign for any position on issues that are before the Board or that will be brought before the Board. This provision does not prohibit the Board from providing recommendations to the membership on matters put to a vote of the membership, except that the Board cannot make any recommendation on any candidate(s) seeking election or re-election to the Board.

## **6.02. SANCTIONS REGARDING BOARD MEMBERS' RESTRICTED ACTS.**

- a. In all cases where the Board receives an allegation from a Member, another Director or an employee of the Corporation that a Director has committed any of the restricted acts listed in Section 6.01, such allegation will first be reviewed by the Officers of the Board. Should such allegation be found to be legitimate by a majority of the officers of the Board, the President of the Board shall notify the accused Director, in writing, of:
  - 1) the specific paragraph(s) in Section 6.01 that the alleged charges the Director to have violated,
  - 2) describe the action(s) the Director took which was/were in violation of any paragraph(s) in Section 6.01, and,
  - 3) notify the Director of the date, time and place of the Executive Session of the regular or special meeting of the Board at which the matter will be addressed
  - 4) Such notice shall be sent to the Director, by the President of the Board, mailed first class and certified return receipt requested, at least thirty (30) days prior to the meeting, at which time the Director will have the opportunity to respond to the allegations made in the notice.

- b. In the event the Board receives indisputable evidence that the Director has committed Restricted Act 6.01., then the Board shall have the right to immediately publicly respond to the violation and inform the Membership that the accused Director has been given the required thirty (30) day notice as stated in 6.02.a of the Bylaws., and the President of the Board shall notify the Director, in writing, of:
  - 1) the specific paragraph(s) in Section 6.01 that the Director has violated,
  - 2) describe the action(s) the Director took which was/were in violation of any paragraph(s) in Section 6.01, and,
  - 3) notify the Director of the date, time and place of the Executive Session of the regular or special meeting of the Board at which the matter will be addressed
  - 4) Such notice shall be sent to the Director, by the President of the Board, mailed first class and certified return receipt requested, at least thirty (30) days prior to the meeting, at which time the Director will have the opportunity to respond to the allegations made in the notice.
- c. Upon the completion of the required hearing, the Board will publish the outcome of the hearing in the next regular POATRI newsletter.
- d. If, after the required hearing, a Director is found by a majority vote of the Board to have committed any of the restricted acts in Section 6.01, the Board shall:
  - 1) By majority vote of the Directors against whom no allegation of a Restricted Act has been lodged, sanction the offending Director in executive session and report at a regular Board of Directors meeting that the offending Director received a private sanction in executive session;
  - 2) By majority vote of the Directors against whom no allegation of a Restricted Act has been lodged, publicly sanction the offending Director by reading, at a regular Board of Directors meeting, a written sanction, which shall include the specific paragraph(s) of Section 6.01 that was/were violated by the Director, and the specific action(s) taken by the Director that was/were in violation of the paragraph(s) of Section 6.01, or;
  - 3) Upon a two-thirds (2/3) vote of the Directors against whom no allegation of a Restricted Act has been lodged, remove from the Board the Director deemed to have committed the Restricted Act.
- e. Any Director removed by the Board under Section 6.02 for having committed a restricted act under Section 6.01 may not thereafter become a POATRI Director either by election or by appointment.

## ARTICLE 7

### INDEMNIFICATION

#### **7.01. WHEN INDEMNIFICATION IS REQUIRED.**

The Corporation shall indemnify POATRI Directors, officers, committee and/or task force members, employees, volunteers or agents as follows if the person was, is, or is threatened to be, named a defendant or respondent in any proceeding as a result of his/her actions or omissions within the scope of his/her official POATRI capacity, if:

- a. The person conducted him/herself in good faith; and
- b. reasonably believed:
  1. in the case of conduct in his/her official capacity, that his/her conduct was in POATRI's best interests; and
  2. in all other cases, that his/her conduct was at least not opposed to POATRI's best interests; and
- c. In case of a criminal proceeding, the person may be indemnified only if he/she had no reasonable cause to believe that the conduct was unlawful.

#### **7.02. WHEN INDEMNIFICATION IS PROHIBITED.**

POATRI shall not indemnify a person who is found liable to POATRI or is found liable to another person or entity on the basis of improperly receiving a personal benefit from POATRI, unless so ordered by a court of law pursuant to Texas Business Organization Code § 8.052.

#### **7.03. EXTENT AND NATURE OF INDEMNITY.**

The indemnity permitted under these Bylaws includes indemnity against judgments, penalties, including excise and similar taxes, fines, settlements and reasonable expenses, including attorney's fees, actually incurred in connection with the proceeding. If the proceeding was brought by or on behalf of POATRI, the indemnification is limited to reasonable expenses actually incurred by the person in connection with the proceeding.

**7.04. PURCHASE OF INSURANCE FOR INDEMNIFICATION.**

POATRI shall maintain appropriate insurance to indemnify Directors, officers, committee and/or task force members, employees, volunteers, or agents of POATRI.

**7.05. ADOPTION OF THE REMAINING RELEVANT PORTIONS OF TEXAS BUSINESS ORGANIZATIONS CODE, CHAPTER 8 AND § 22.235.**

The remaining relevant portions of Texas Business Organizations Code, Chapter 8: Indemnification and Insurance, and § 22.235 are hereby included in this Article by reference.

**“Texas Business Organizations Code” (the “TBOC”) means the Texas civil statute by that name** *enacted by Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2010, as amended*

## ARTICLE 8

### POATRI BYLAWS

#### **8.01. ADOPTION OF BYLAWS.**

These Bylaws are duly and legally adopted on the date set forth, as evidenced by the signatures of a majority of the Directors.

#### **8.02. AMENDMENTS TO BYLAWS.**

a. The Board of Directors may amend these Bylaws, with the exception of any part of Article 3, at any regular or special meeting of the Board by a majority vote of the Board, provided that no amendment is inconsistent with the provisions of the Articles of Incorporation, applicable law, or any covenant or restriction applicable to the property known as Terlingua Ranch. Any amendments to Article 3 that the Board proposes must be submitted by mailed ballot to the Members for a vote as soon as practical, but in no event later than such time as to have the result of the vote available by the next annual meeting.

b. The Members may change the Bylaws through the Petition process outlined in Section 3.05, provided that no amendment is inconsistent with the provisions of the Articles of Incorporation, applicable law, or any covenant or restriction applicable to the property known as Terlingua Ranch.

c. All amendments made to the Bylaws, whether by a vote of the Board or by a vote of the Members, shall become effective five (5) days after the date upon which the vote to amend the Bylaws is taken.

#### **8.03. LEGAL AUTHORITIES GOVERNING CONSTRUCTION OF BYLAWS.**

These Bylaws will be construed under Texas law. All references in these bylaws to statutes, regulations, or other sources of legal authority will refer to the authorities cited, or their successors, as they may be amended from time to time.

#### **8.04. LEGAL CONSTRUCTION OF BYLAWS.**

To the greatest extent possible, these Bylaws shall be construed to conform to all legal requirements and all requirements for obtaining and maintaining all tax exemptions that may be available to nonprofit Corporations. If any Bylaw provision is held invalid, illegal, or unenforceable in any respect, the invalidity, illegality, or unenforceability will not affect any other provision, and the Bylaws will be construed as if they had not included the invalid, illegal, or unenforceable provision.

#### **8.05. PARTIES BOUND BY BYLAWS.**

The Bylaws will bind and inure to the benefit of the POATRI Members, Directors, officers, employees, and agents and their respective heirs, executors, administrators, legal representatives, successors, and assigns except as the Bylaws otherwise provide.