

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 fewer than three vacancies occur on the Board prior to the expiration of the vacating Directors term, these vacancies shall be filled by majority vote of the remaining Directors at the next quarterly Board meeting in the manner specified in the Policy and Procedures Manual, except as stated in Section 4.07(b) below. A Director appointed to fill a vacancy will serve for the unexpired term of the vacancy.

b. If three or more vacancies exist on the Board, the Board must then 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 reaches six (6). A Director elected to fill a vacancy will serve for the unexpired term of the vacancy.

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.