

# SAN MARCOS TEXAS COMMUNITY RADIO ASSOCIATION



## *Bylaws*

*216 No Guadalupe*

*San Marcos, TX 78666*

**These Bylaws shall govern the affairs of San Marcos Texas Community Radio Association, herein SMTXCRA. a Texas nonprofit corporation (“the Corporation”).**

## **ARTICLE ONE - STATEMENTS OF PURPOSE AND MISSION**

**1.01 STATEMENT OF PURPOSE:** The Corporation is organized exclusively for educational, charitable, scientific, literary or religious purposes within the meaning of Section 501 (c)(3) of the Internal Revenue Code, or the corresponding sections of any future federal tax code, as set forth in its Certificate of Formation, as filed with the Texas Secretary of State on August 21, 2014. These purposes include, but are not limited to: establish, construct and operate a low-power, non-profit community radio station that serves San Marcos and the surrounding area.

**1.02 STATEMENT OF MISSION:** Our mission is to broadcast high quality, community-generated programming that educates, engages, enlightens, and entertains the people of the San Marcos, Texas, area and our world-wide online audience.

**1.03 LOCATION OF OFFICES.** The Corporation shall have a registered office and may have other offices at such places as the Board of Directors may from time to time determine or as the activities of the Corporation may require.

## **ARTICLE TWO - MEMBERS OF THE CORPORATION**

- 2.01 MEMBERS AND BOARD OF DIRECTORS.** The Corporation does not and shall not have any members and shall be managed exclusively by the Board of Directors. The Board of Directors should, however, communicate and consult with its stakeholders through whatever means the Board of Directors deems to be reasonable and necessary to accomplish the purposes and objectives of the Corporation.
- 2.02 CANDIDATES FOR PUBLIC OFFICE.** A member who becomes a candidate for public office, or an elected public official, forfeits their right to vote for the duration of their candidacy or their term of office.
- 2.03 SUSPENSION, TERMINATION, AND APPEAL.** The Board, by an affirmative vote of a majority of all members of the Board may suspend or terminate a member with or without cause at a meeting whose notice shall include such proposed suspension or termination. The Board shall notify the member promptly of his or her suspension or termination. Any member may appeal his or her suspension or termination by filing a written appeal with the Secretary of the Board within thirty (30) days of the date the Board mailed the notice of suspension or termination. The Board shall consider the appeal at the next regularly scheduled meeting. The decision of the Board shall be final.
- 2.04 RESIGNATION.** Any member may resign by filing a written resignation with the Secretary of the Board, which resignation shall become effective on the date specified in the written resignation, but in no case before the date of receipt. If no date is specified, the effective date of the resignation shall be the date of receipt.

## **ARTICLE THREE - BOARD OF DIRECTORS**

- 3.01 GENERAL POWERS.** The activities, property, monies, and affairs of the Corporation shall be managed by the Board of Directors, hereinafter called the Board, who may exercise all such powers of the Corporation as are permitted by statute the Articles of Incorporation, and these Bylaws. The Board of Directors may delegate authorities to individual Members, ad hoc Committees of the Board, and any staff through written policies. All members of the Board of Directors shall be ex officio members of any committees or subcommittees.
- 3.02. NUMBER AND QUALIFICATIONS OF DIRECTORS.** The Board of Directors shall consist of any number of directors selected by the Board that is not less than three (3) and not more than twelve (12).
- 3.03. TERMS AND TENURE OF DIRECTORS.** The terms of the directors shall be staggered so that no more than one-third of the directors currently serving will be replaced in any given year. Each director will serve for a term of three (3) years, except for directors who are elected to fill a mid-term vacancy on the Board.
- 3.04 NOMINATING AND ELECTING DIRECTORS.** Directors shall be nominated and elected at the annual meeting. Any director may nominate a person to serve as director with the second of any other director. A person who meets the qualifications for director and who has been duly nominated may be elected as a director by a majority vote of the Board. Each director will hold office until a successor is elected and qualifies. A director may be elected to succeed himself or herself as a member of the Board for no more than three (3) consecutive terms, even if the director's first term was less than three (3) years after being elected to fill a mid-term vacancy on the Board.
- 3.05 ANNUAL MEETING.** An annual meeting shall be held on the third Wednesday of September each year
- 3.06 REGULAR MEETINGS.** Regular meetings shall be scheduled at least monthly at a regular time and place, and additional meetings may be called as needed. Notice of the location, date, and time of each regular meeting of the Board shall be sent to all directors no less than 30 calendar days prior to such regular meeting.
- 3.07 SPECIAL MEETINGS.** Special meetings may be called by, or at the request of, the President or any three (3) directors. Notice of the location, date, and time of each special meeting of the

Board shall be sent to all directors no less than 7 calendar days prior to such special meeting. The notice of the special meeting shall include the person or persons who called the special meeting and the items to be discussed at such meeting.

**3.07.1 EMERGENCY MEETINGS.** Emergency meetings may be called only by the President or Vice President. To conduct any business at an Emergency Meeting, a quorum must be present and at least three members of the Executive Committee must be present. The person who called the meeting must, no less than two (2) hours prior to commencing such meeting, also send notice of the Emergency Meeting to all members of the Board of Directors via the Board's official e-mail address with a short description of the items to be discussed. No business may be discussed at the Emergency Meeting other than the items outlined in the notice.

**3.08 OPEN MEETINGS.** All annual and regular meetings of the Board shall be open to any members of the SMTXCRA who are not members of the Board of Directors ("Stakeholders"). Any Stakeholders attending an open meeting of the Board may be afforded an opportunity to speak at the meeting, subject to any reasonable restrictions or conditions that may be established by the Board or President from time to time. No Stakeholder shall be allowed to vote on any matter. No action taken by the Board may be attacked on the grounds that any Stakeholder did not have notice of the meeting when such action was taken or was not afforded an adequate opportunity to speak at such meeting.

**3.09 NOTICE.** Notice of the location, date, and time of each annual, regular or special meeting shall be sent to all directors by the Board's official e-mail address. Notice of the location, date, and time of each annual or regular meeting of the Board shall also be announced at the immediately preceding meeting of the Board and also at the preceding monthly DJ Staff Training meeting.

**3.10 QUORUM AND PROXY.** The quorum for conducting business is  $\frac{1}{2}$  plus one of the filled Board positions. Any motion requires the consent of the majority of the Board. The Board may authorize policies regarding teleconferencing. Any action conducted without a quorum present shall not be binding. No business may be conducted at a meeting of the Board unless a quorum of voting Directors is present, unless otherwise authorized by these Bylaws. The Directors present at a duly called or held meeting at which a quorum is present may continue to conduct business even if enough Directors leave the meeting so that less than a quorum remains. However, no action may be approved without the vote of at least a majority of the number of voting Directors required for a quorum. If a quorum is never present at any time during a meeting, a majority of the Directors

present may adjourn and reconvene the meeting once, without further notice. No Director may vote by proxy. Any number of Directors may attend a meeting by means of any telephonic or other electronic means so long as each Director can both hear and be heard by every other Director present at the meeting.

**3.11 ACTIONS OF THE BOARD AT A MEETING.** The Board will attempt to act and approve all business of the Corporation by consensus. If the Directors present at a meeting do not reach consensus, then the person serving as President or Chairman of the meeting may, but is not required to, unilaterally table the measure until the next regular or special meeting of the Board. If the Directors do not reach consensus at the next regular or special meeting of the Board, then the vote of the Directors present and voting at a meeting at which a quorum is present shall constitute the act of the Board, unless the act of a greater number is required by law or by some other provision of these Bylaws. A Director who is present at a meeting and abstains from a vote is considered to be present and voting for the purpose of determining the Board's decision.

**3.11.1 ACTION BY ELECTRONIC CONSENT.** In addition to conducting business and taking action at a meeting, the Board may also conduct business and take action by electronic consent in compliance with this paragraph. Action by electronic consent must be limited to approval of an action which is fully embodied in a document, such as approval of minutes of a meeting, approval of an officer's report, approval of a contract, or approval of a written policy or procedure to be adopted by the Board. A copy of the document embodying the proposed action along with a written motion requesting approval of the proposed action must be sent to all directors via the Board's official e-mail address by the President or Secretary. Each Director casting a vote on such proposed action must communicate that Director's "yes" or "no" vote to every other member of the Board by e-mail no less than seven (7) days after notice of such proposed action was sent. The proposed action will pass only if, within that seven (7) day period, affirmative votes have been cast by a "majority plus one" of all the current members of the Board. After the seven (7) day period, at the next regular meeting, the Secretary shall announce the Board's decision on the proposed action, present a copy of the original e-mail with the proposed motion and document as well as a copy of all e-mails showing the votes that were cast on such proposed action, and place a copy of those documents in the corporate record book with a signed and sealed certificate describing the action taken by the Board on that matter.

**3.12 REMOVING DIRECTORS.** The Board may vote to remove a director only at a regular or special meeting of the Board if the notice of such meeting included removal of the named director as an item on the agenda. Though a director may be removed without cause, any director may present

evidence of why he or she should not be removed and may be represented by an attorney at the meeting. A director may be removed only by the affirmative vote of a supermajority of the Board, as set forth in Paragraph 2.14.

**3.13 VACANCIES.** The Board will fill any vacancy in the Board and any Director position to be filled due to an increase in the number of directors. A vacancy is filled by the affirmative vote of a majority vote of the remaining Directors, even if it is less than a quorum of the Board or if it is a sole remaining director. A Director selected to fill a vacancy will serve for the unexpired term of his or her predecessor in office. The vacancy can be announced by electronic media or at a regular meeting.

**3.14 SUPER-MAJORITY REQUIREMENTS.** The Board of Directors may not take any of the following actions unless they are supported by the affirmative vote of at least two-thirds of the voting directors currently serving on the Board of Directors at a regular or special meeting and the notice of such meeting included a description of the proposed action to be taken:

1. Amend the Articles of Incorporation;
2. Adopt a plan of merger or of consolidation;
3. Authorize the sale, lease, exchange, transfer, mortgage, pledge or hypothecation of the Corporation's property and assets, including intellectual property;
4. Authorize voluntary dissolution of the Corporation;
5. Revoke proceedings for voluntary dissolution of the Corporation;
6. Adopt a plan for distributing the Corporation's assets;
7. Amend, alter or repeal these Bylaws;
8. Remove any director of the Corporation under Paragraph 2.12; or
9. Approve any transaction to which the Corporation is a party and that involves a conflict of interest governed by Paragraphs 2.18 or 5.04.

**3.15 DUTIES OF DIRECTORS.** Directors will discharge their duties, including any duties as committee members, in good faith, with ordinary care, and in a manner they reasonably believe to be in the best interests of the Corporation. In discharging any duty imposed or power conferred on directors, directors may, in good faith, rely on information, opinions, reports, or statements, including financial statements and other financial data, concerning the Corporation or another person that has been prepared or presented by a variety of persons, including officers and employees of the Corporation, professional advisors or experts such as accountants, attorneys, insurance agents, real estate agents, or other such persons. A director is not relying in good faith if he or she has knowledge concerning a matter in question that renders reliance unwarranted.

Directors are not deemed to have the duties of a trustee of a trust with respect to the Corporation or with respect to any property held or administered by the Corporation, including property that may be subject to restrictions imposed by the donor or transferor of the property.

**3.16 DUTY TO AVOID IMPROPER DISTRIBUTIONS.** Directors who vote for or assent to improper distributions are jointly and severally liable to the Corporation for the value of improperly distributed assets, to the extent that, as a result of the improper distribution or distributions, the Corporation lacks sufficient assets to pay its debts, obligations, and liabilities. Any distribution made when the Corporation is insolvent, other than in payment of corporate debts, or any distribution that would render the Corporation insolvent, is an improper distribution. A distribution made during liquidation without payment and discharge of or provision for payment and discharge of all known debts, obligations and liabilities is also improper. Directors present at a Board meeting at which the improper action is taken are presumed to have assented, unless they dissent in writing. The written dissent must be filed with the Secretary of the Corporation before adjournment of the meeting in question or be mailed to the Secretary by certified mail, return receipt requested, within ten (10) days after the meeting is adjourned.

**3.17 DIRECTOR LIABILITY** A director is not liable if, in voting for or assenting to a distribution, the director (1) relies in good faith and with ordinary care on information, opinions, reports, or statements, including financial statements and other financial data, prepared or presented by one or more officers or employees of the Corporation, or its attorneys or accountants or other persons as to matters the director reasonably believes are within the person's professional or expert competence; or a committee of the Board of which the director is not a member; (2) while acting in good faith and with ordinary care, considers the Corporation's assets to be at least that of their book value; or (3) in determining whether the Corporation made adequate provision for paying, satisfying, or discharging all of its liabilities and obligations, relied in good faith and with ordinary care on financial statements or other information concerning a person who was or became contractually obligated to satisfy or discharge some or all of these liabilities or obligations.

Furthermore, directors are protected from liability if, in exercising ordinary care, they acted in good faith and in reliance on the written opinion of an attorney retained by the Corporation.

Directors held liable for an improper distribution are entitled to contribution from persons who accepted or received the improper distributions knowing they were improper. Contribution is in proportion to the amount received by each such person.

**3.18 DELEGATING DUTIES.** Directors may select advisors and delegate duties and responsibilities to them, including, without limitation, the full power to (1) buy or otherwise acquire stocks, bonds, securities, and other investments on the Corporation's behalf; and (2) sell, transfer, or otherwise dispose of the Corporation's assets and properties at a time and for a consideration that the advisor deems appropriate. The directors have no liability for actions taken or omitted by the advisor if the Board acts in good faith and with ordinary care in selecting the advisor. The Board may remove or replace the advisor at any time and without any cause whatsoever.

**3.19 INTERESTED DIRECTORS.** Contracts or transactions between directors or officers who have a financial interest in the matter are not void or voidable solely for that reason. Nor are they void or voidable solely because the director, or officer is present at or participates in the meeting that authorizes the contract or transaction, or solely because the interested parties' votes are counted for that purpose. However, every director with any personal interest in the transaction must disclose all material facts concerning the transaction, including all potential personal benefit and potential conflict of interest, to the other members of the Board or other group authorizing the transaction. The transaction must be approved by a majority of the uninterested directors or other group with the authority to authorize the transaction.

**3.19 COMPENSATION.** Directors may not receive salaries for their services but may be reimbursed for any expenses incurred on behalf of the Corporation.

**3.20 ATTENDANCE.** If any Director fails to attend any three consecutive regular meetings without good cause for absence, within one (1) year, then the Director shall be deemed to have submitted his or her resignation from the Board of Directors. The Board of Directors, for good cause shown, and upon verification, may refuse to accept the resignation of any Director.

## **ARTICLE FOUR - OFFICERS, AGENTS AND EMPLOYEES**

- 4.01 ELECTED OFFICERS.** The elected officers of the Corporation shall be a President, a Vice-President, a Secretary, and a Treasurer and 3 (three) Members-at-Large.
- 4.02 ELECTION** All officers shall be elected at the annual meeting of the Board.
- 4.03 APPOINTIVE OFFICERS, AGENTS, AND EMPLOYEES,** The Board of Directors may from time to time appoint such other officers, agents and employees as it deems necessary, who shall have powers and duties as set forth in these Bylaws or as determined from time to time by the Board.
- 4.04 SIMULTANEOUS OFFICES.** No person shall hold more than one of the offices designated in Section 1 above at the same time unless the Board shall first declare an emergency and designate an officer to perform the duties created by the vacancy of another officer. At no time shall the President and the Secretary be the same person.
- 4.05 TERM OF OFFICE REMOVAL, FILLING OF VACANCIES.** Each elected officer shall hold office for a term of one (1) year or until his or her death, resignation, disqualification or removal from office as provided in these Bylaws. Any officer may be reelected to a second consecutive term in the same office. Any officer may be removed at any time by a majority of the number of Directors fixed by these Bylaws, when in the judgment of the Board such removal shall be deemed in the best interest of the Corporation, and provided that the notice of the meeting shall state that removal of officers is to be considered. If the office of any officer becomes vacant for any reason, the vacancy shall be filled by an affirmative vote of a majority of the number of Directors fixed by these Bylaws.
- 4.06 PRESIDENT.** The President shall have general Supervision of the affairs of the Corporation; shall preside at all meetings of the Board of Directors; shall have general authority to execute bonds, deeds and contracts in the name of the Corporation; shall sign all official documents on behalf of the Corporation; shall appoint all committee chairpersons unless otherwise designated by these Bylaws; shall appoint such other officers and agents as are necessary for the operation of the Corporation; and in general shall exercise all powers usually pertaining to the president or chairperson of a corporation. All powers and duties of the President shall be subject to the provisions of the Articles of Incorporation and these Bylaws and to review and confirmation by the

Board of Directors in such a manner as is from time to time determined by the Board.

- 4.07 VICE-PRESIDENT.** The Vice-President shall, in the absence of the President, perform the duties of the President of the Corporation, and shall have such other powers and duties as may from time to time be determined by the Executive Committee or the Board
- 4.08 SECRETARY.** The Secretary shall keep and maintain all records of the Corporation unless otherwise specified in these Bylaws; shall see that proper notice is given for all meetings of the Board of Directors; shall keep, or cause to be kept, accurate and true records of all proceedings of meetings of the Board; shall ensure that minutes of the previous meeting(s) and all related documents are sent to Directors at least seven (7) days prior to the next meeting; and in general shall exercise all powers usually pertaining to the Secretary of a corporation. All powers and duties of the Secretary shall be subject to the provisions of the Articles of Incorporation and these Bylaws and to review and confirmation by the Board of Directors in such a manner as is from time to time determined by the Board.
- 4.09 TREASURER.** The Treasurer shall be the chief financial and accounting officer of the Corporation; shall have active control of, and be responsible for, all accounts and finances of the Corporation; shall supervise all vouchers and requests for payment by the Corporation including records pertaining thereto; shall prepare or cause to be prepared accurate and understandable monthly financial reports of the finances of the Corporation; shall prepare or cause to be prepared financial statements and related documents; shall have supervision of the books and accounts of the Corporation; shall ensure that regular and accurate audits are performed according to financial practices and procedures applicable to the Corporation; shall recommend depositories and financial institutions to the Board of Directors; shall have care and custody of all monies, funds and securities of the Corporation and shall ensure that all funds are deposited in such depositories as are selected by the Board; shall be responsible for the collection of all accounts payable to the Corporation; shall keep or cause to be kept full and accurate accounts of all expenditures and disbursements by the Corporation; shall have the power to endorse all checks, drafts, notes or other financial instruments payable to the Corporation; shall give or cause to be given proper receipts for all payments to the Corporation; and in general shall exercise all powers usually pertaining to the treasurer of a corporation. All powers and duties of the Treasurer shall be subject to the provisions of the Articles of Incorporation and these Bylaws and to review and confirmation by the Board of Directors as determined from time to time by the Board.

**4.10 OTHER POWERS AND DUTIES.** In addition to the powers and duties enumerated above, the elective and appointive officers, agents, or employees of the Corporation shall perform such other duties and have such other powers as are provided in the Articles of Incorporation, these Bylaws, and policies and procedures adopted by the Board, or as otherwise determined from time to time by the Board.

## **ARTICLE FIVE - COMMITTEES**

**5.01. EXECUTIVE COMMITTEE.** The Board shall delegate its management authority to an Executive Committee, which shall consist of those directors who hold the following regular officer positions:

1. President;
2. Vice President;
3. Secretary;
4. Treasurer;

The Executive Committee may only act with the authority of the Board on matters that require immediate or emergency action when a regular or special meeting of the Board is not practical. Only the President or Vice President may call a meeting of the Executive Committee and notice of any meeting of the Executive Committee must be given to each member of the Executive Committee no less than 48 hours prior to such meeting taking place. No action may be taken by the Executive Committee unless at least three of its members are present at the time that such action is taken. The President or Vice President must report on any actions taken by the Executive Committee at the next regular or special meeting of the Board, at which meeting a vote must be taken for the ratification of any actions so taken.

**5.02 OTHER COMMITTEES.** The Board may adopt a resolution establishing one or more committees delegating specified authority to a committee and appointing or removing members of a committee. A committee will include at least one director and may include persons who are not directors. The Board may also delegate to the Lay Director its power to appoint and remove members of a committee that has not been delegated any management authority of the Board. The Board may establish qualifications for membership on a committee.

Establishing a committee or delegating authority to it will not relieve the Board or any individual director of any responsibility imposed by these Bylaws or otherwise imposed by law.

**5.03 LIMITATIONS.** Neither the Executive Committee nor any other committee shall have the authority of the Board to:

1. Amend the Articles of Incorporation;
2. Adopt a plan of merger or of consolidation;
3. Authorize the sale, lease, exchange, transfer, mortgage, pledge or hypothecation of the Corporation's property and assets, including intellectual property;
4. Authorize voluntary dissolution of the Corporation;
5. Revoke proceedings for voluntary dissolution of the Corporation;

6. Adopt a plan for distributing the Corporation's assets;
7. Amend, alter or repeal these Bylaws;
8. Elect, appoint, or remove a member of a committee or a director or officer of the Corporation;
9. Approve any transaction to which the Corporation is a party and that involves a conflict of interest governed by Paragraphs 2.18 or 5.04 of these Bylaws; or
10. Take any action outside the scope of authority delegated to it by the Board.

**5.04 TERM OF OFFICE.** With the exception of the Executive Committee, committee members shall serve a term of one year, unless otherwise specified by the Board. Each committee member will continue to serve on the committee until a successor is appointed. However, a committee member's term may terminate earlier if the committee is terminated or if the member dies, ceases to qualify, resigns, or is removed as a member. A vacancy on a committee may be filled by an appointment made in the same manner as an original appointment. A person appointed to fill a vacancy on a committee will serve for the unexpired portion of the terminated committee member's term.

**5.05 CHAIR AND ASSISTANT-CHAIR.** The President shall designate one member of each committee to be the chair and another member to be the Assistant-chair. The chair will call and preside at all meetings of the committee. When the chair is absent, cannot act, or refuses to act, the Assistant-chair will perform the chair's duties. When an Assistant-chair acts for the chair, the Assistant-chair has all the powers of – and is subject to the restrictions upon – the chair.

**5.06 NOTICE OF MEETINGS.** Written or printed notice of a committee meeting will be delivered to each member of a committee not less than seven (7) days prior to the meeting. The notice will state the date, time and place of the meeting, and the purpose for which the meeting is called.

**5.07 QUORUM.** One-half (1/2) of the number of committee members constitutes a quorum for conducting business at any meeting of the committee. The committee members present at a duly called or held meeting at which a quorum is present may continue to conduct business even if enough committee members leave the meeting so that less than a quorum remains. However, no action may be approved without the vote of at least a majority of the number of committee members required for a quorum. If a quorum is never present at any time during a meeting, the chair may adjourn and reconvene the meeting once without further notice.

**5.08 ACTIONS OF COMMITTEES.** Committees will attempt to act by consensus. If the members

of a committee present at a meeting do not reach consensus, then the measure will be tabled until the next meeting of the committee. If the members of a committee do not reach consensus at the next meeting of the committee, then the vote of a majority of members present and voting at a meeting at which a quorum is present shall constitute the act of the committee, unless the act of a greater number is required by law or by some other provision of these Bylaws or by resolution of the Board. A committee member who is present at a meeting and abstains from a vote is considered to be present and voting for the purpose of determining the committee's decision. A committee member may not vote by proxy.

**5.09 COMPENSATION.** Committee members may not receive salaries for their services but may be reimbursed for expenses incurred on behalf of the Corporation.

**5.10 RULES.** Each committee member may adopt its own rules, consistent with these Bylaws or with other rules that may be adopted by the Board.

## **ARTICLE SIX - TRANSACTIONS OF THE CORPORATION**

- 6.01 DEPOSITS AND WITHDRAWALS.** All Corporation's funds will be deposited to the credit of the Corporation in a financial institution.
- 6.02 CONTRACTS.** The Board may authorize any officer or agent of the Corporation to enter into a contract or execute and deliver any instrument in the name of, and on behalf of, the Corporation. This authority may be limited to a specific contract or instrument, or it may extend to any number or type of possible contracts or instruments.
- 6.03 GIFTS.** The Board may accept, on the Corporation's behalf, any contribution, gift, bequest, or devise for the general purposes or for any special purposes of the Corporation. The Board may make gifts and give charitable contributions not prohibited by these Bylaws, the Articles of Incorporation, state law, or federal law, including, but not limited to, any provisions of the Internal Revenue Code or other state or federal tax law with which the Corporation must comply in order to maintain its status as a tax-exempt organization under state or federal law.
- 6.04 POTENTIAL CONFLICTS OF INTEREST.** The Corporation may not make any loan to a director or officer of the Corporation.

A director, officer or committee member of the Corporation may lend money to – and otherwise transact business with – the Corporation except as otherwise provided by these Bylaws, the Articles of Incorporation, state law, or federal law, including, but not limited to, any provisions of the Internal Revenue Code or other state or federal tax law with which the Corporation must comply in order to maintain its status as a tax-exempt organization under state or federal law. Such a person transacting business with the Corporation has the same rights and obligations relating to those matters as other persons transacting business with the Corporation.

The Corporation may not borrow money from – or otherwise transact business with – a director, officer or committee member of the Corporation unless (1) the transaction is described fully in a legally-binding instrument, (2) the transaction is in the Corporation's best interests, (3) all relevant facts concerning the transaction, including the involvement of the director, officer or committee member, have been fully disclosed to the Board, and (4) the Board approves the transaction by a majority vote, not including the vote of any person having a personal interest or stake in the transaction.

**6.05 ACTIVITY RESTRICTIONS OF THE ORGANIZATION.** No part of the net earnings of the organization shall inure to the benefit of, or be distributable to its members, trustees, officers, or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article Third hereof. No substantial part of the activities of the corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office. Notwithstanding any other provision of these articles, the corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, or (b) by a corporation, contributions to which are deductible under section 170(c)(2) of the Internal Revenue Code, or the corresponding section of any future federal tax code.

**6.06 PROHIBITED ACTS.** So long as the Corporation exists, and except with the Board's prior approval, no director, officer or committee member of the Corporation may:

1. Do any act in violation of any binding obligation of the Corporation or of these Bylaws, the Articles of Incorporation, or any state law, or federal law, including, but not limited to, any provisions of the Internal Revenue Code or other state or federal tax law with which the Corporation must comply in order to maintain its status as a tax-exempt organization under state or federal law;
2. Do any act with the intention of harming the Corporation or any of its operations;
3. Do any act in violation of any term, condition, or requirement of the Corporation's agreements, contracts;
4. Do any act that would make it impossible or unnecessarily difficult to carry on the Corporation's intended or ordinary business;
5. Receive an improper personal benefit from the operation of the Corporation;
6. Use the Corporation's assets, directly or indirectly, for any purpose other than carrying on the Corporation's business;
7. Wrongfully transfer or dispose of the Corporation's property, including intellectual property or intangible property;
8. Use the Corporation's name or any of its assumed names (or any substantially similar name) or any trademark or service mark adopted by the Corporation, except on behalf of the Corporation for carrying on the Corporation's business; or

9. Disclose any of the Corporation's business practices, trade secrets, or any other information not generally known to the business community to any person not authorized to receive it.

**6.07 DISSOLUTION CLAUSE.** Upon the dissolution of the corporation, assets shall be distributed for one or more exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose. Any such assets not so disposed of shall be disposed of by a Court of Competent Jurisdiction of the county in which the principal office of the corporation is then located, exclusively for such purposes or to such organization or organizations, as said Court shall determine, which are organized and operated exclusively for such purposes.

## **ARTICLE - SEVEN BOOKS AND RECORDS**

**7.01 REQUIRED BOOKS AND RECORDS.** The Corporation will keep correct and complete books and records of account. The books and records include:

1. A file-endorsed copy of all documents filed with the Texas Secretary of State relating to the Corporation, including, but not limited to, the Articles of Incorporation, along with any articles of amendment, restated articles, articles of merger, articles of consolidation, or any changes in the registered agent or registered office of the Corporation;
2. A copy of these Bylaws, and any amendments thereto;
3. Minutes of the proceedings of the Board and the committees;
4. A list of the names and addresses of the directors, officers, and any committee members of the Corporation;
5. A financial statement showing the Corporation's assets, liabilities, and net worth at the end of the three (3) most recent fiscal years;
6. A financial statement showing the Corporation's income and expenses for the three (3) most recent fiscal years;
7. All reports or returns filed with any federal, state or local tax authority during the three (3) most recent tax years; and
8. All rulings, letters, and other documents relating to the Corporation's federal, state and local tax status.

**7.02 INSPECTION AND COPYING.** Any director, officer or committee member of the Corporation may inspect and receive copies of all the books and records required to be maintained in Paragraph 6.01, by submitting a written request to the Secretary of the Corporation. The Secretary shall make the requested materials available for inspection, or provide copies of the requested materials, at a reasonable time and place, no later than thirty (30) working days after the Secretary of the Corporation receives the initial request. The Board may establish by resolution reasonable fees for marshaling and copying the requested materials, so long as said fees do not exceed twenty-five (25) cents per page.

**7.03 AUDITS.** Any officer or director of the Corporation may have an audit conducted of the Corporation's books. The person requesting the audit shall bear the expense of the audit unless the Board votes to authorize payment of the audit expenses. The person requesting the audit may select the accounting firm. The Corporation shall not be subject to an audit under this Paragraph more than once in any fiscal year.

## **ARTICLE EIGHT - INDEMNIFICATION AND INSURANCE**

**8.01. INDEMNIFICATION.** The Corporation may, but shall not be required to, indemnify any director, officer, committee member, employee, representative, agent, or volunteer of the Corporation in accordance with the standards and procedures set forth in Chapter 8 of the Texas Business Organizations Code.

**8.02. INSURANCE.** The Corporation may purchase one or more insurance policies to cover, protect, or indemnify any of its directors, officers, committee members, employees, representatives, agents, volunteers, or participants, against any loss or liability arising from or relating to that person's acts or omissions in the course and scope of his or her performance of activities or responsibilities on behalf of the Corporation. The coverage or indemnification purchased under said insurance policies shall apply according to the terms of said policy without regard to the Board's approval of or the person's qualification for indemnification under Paragraph 8.01 of these Bylaws.

## **ARTICLE NINE - AMENDMENTS TO BYLAWS**

- 9.01** Except as necessary to correct obvious grammatical or typographical errors, these Bylaws may be altered, amended, or repealed, and new bylaws may be adopted by the Board, only upon a super-majority vote of the Board of Directors as set forth in Article 3.14.
- 9.02** Amendments to these bylaws may be made by a majority vote of the Board of Directors, provided that the meeting notice included information on the changes to be considered, and that the meeting notice was sent in writing at least twenty-four (24) hours prior to the meeting.
- 9.03** Any written notice or written consent shall fully set forth the text of the proposed bylaw provisions and shall refer to the existing bylaw provisions that would be altered by the proposed provisions.

## **ARTICLE TEN - MISCELLANEOUS PROVISIONS**

**10.01 FISCAL YEAR:** The Corporation's fiscal year shall coincide with the calendar year.

**10.02 LEGAL AUTHORITIES.** These Bylaws shall 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.

**10.02 LEGAL CONSTRUCTION.** To the greatest extent possible, these Bylaws shall be construed to conform to all legal requirements for obtaining and maintaining all tax exemptions that may be available to the Corporation. If any bylaw provision is held invalid, illegal, or unenforceable in any respect, the bylaws shall be construed as if they had not included the invalid, illegal, or unenforceable provision.

**10.03 HEADINGS.** The headings used in these Bylaws are for convenience only and may not be considered in construing these Bylaws.

**10.04 NUMBER.** All singular words include the plural, and all plural words include the singular.

**10.05 PARTIES BOUND.** These Bylaws will bind and inure to the benefit of the directors, officers, committee members, employees, representatives, agents and volunteers of the Corporation and their respective heirs, executors, administrators, legal representatives, successors and assigns, except as expressly set forth herein.

**10.06 PARLIAMENTARY AUTHORITY.** The rules contained in the current edition of Robert's Rules of Order Newly Revised shall govern this organization in all cases to which they are applicable and in which they are not inconsistent with these bylaws or other standing rules.