



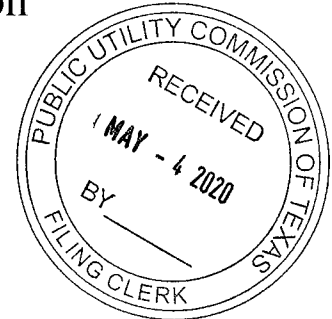
Control Number: 50083



Item Number: 17

Addendum StartPage: 0

Solar Village Homeowners Association
100 Stacy Lane
Kerrville, Texas 78028



April 30, 2020

Public Utility Commission of Texas
1701 Congress Avenue
Austin, Texas 78711-3326

RE: Docket No. 50083
Filing Item No. 15
Commission Staff's First Request for Information
To Solar Village Homeowners Association:
Question Nos. Staff 1-1 through 1-4

Solar Village Homeowners Association (SVHOA) is responding to an electronic filing (Item No. 15), dated April 15, 2020, from Kourtnee Jinks, Attorney at Law. The filing state that SVHOA is directed to submit information to Commission Staff's regarding Question Nos. Staff 1-1 through 1-4.

DIRECTIVES & QUESTIONS

Staff 1-1: Please provide a copy of each paid invoice or other document supporting the amount paid by Solar Village HOA for each asset or capitalized expense included in the depreciation schedule. Please sort the invoices and documents provided by expense and asset category and include the total for each expense and asset category.

ANSWER:

To better understand our response to the above directive, it is important to provide a background of the historical development of the SVHOA water utility plant and water distribution system. The SVHOA water utility system was placed in service in year 1986, and is therefore, 32 years old at the end of year 2018. SVHOA has only one community water well (PWS 1330177) and associated water treatment and water storage facility. All 15 homes within the jurisdictional boundaries of SVHOA are provided treated water via this community distribution system. The SVHOA water utility system is jointly owned, managed and controlled by 13 homeowners of whom 2 own multiple homes.

The original developer of SVHOA is long deceased, and there are no records available of original cost of the water utility system that was placed in service in 1986. As presented before, SVHOA is a small organization with only 15 water connections. The association does not have any employees and all officers are volunteers. The association does not have a central office, and as such, the SVHOA officers conduct all association business from their individual homes. Therefore, over the 30 plus years of operation, there never was a central depository for records. SVHOA has operated over the years as a nonprofit organization and did not pay any taxes other than local property taxes. Therefore, SVHOA does not have any depreciation records. Historically, SVHOA has operated as a year-to-year, pay-as-you-go (cash method) organization. Furthermore, there was a high turn-over of officers. Some of these officers are now deceased, and some have moved and no longer own property, as a result, for all the reasons presented herein, SVHOA has limited records of equipment put in service to up-grade and maintain the SVHOA water utility plant. Starting in the year 2012, SVHOA underwent a process of reorganization to formalize the operation of the association such that there is now in place good record keeping of all important documents.

In a filing to the PUC, dated 02-18-2020, SVHOA responded in detail, to the technical questions posed by the Staff presented in Administrative Order No. 3. As presented in that filing SVHOA established, through a review of limited records, and interviews with several former association officers, approximate dates of up-upgrades and equipment replacements to the water utility plant. That information was then used to establish total depreciation expense amounts (FY 2005-2018) for up-upgrades and equipment replacements put in service over a period of 12 years (2005-2017). This depreciation data is presented in Tables A-D in attachment 5, of the SVHOA response to Order No. 3. Additionally, in the response to Order No. 3, it is stated that the original, as built, SVHOA water utility system is fully depreciated. Furthermore, it was stated, that the water utility system would cost approximately \$114,000 to construct in 2018 dollars, and therefore, approximate \$50,000 in 1986 dollars. Also, stated in the SVHOA response to Order No. 3 is that SVHOA does not have invoices for replacement equipment put in service before FY 2012.

SVHOA has a quote and an invoice for the water utility plant upgrades performed in FY 2016. A copy of this quote and a copy of the invoice are presented herein as part of ATTACHMENT 1. In FY 2017, new roofs and rafters were put in place for the two water utility plant buildings that house the pressure and chlorination system. Additionally, these two buildings were pressure washed and painted. This work was performed, at a much reduced cost, by a company owned by a homeowner of

SVHOA. The total value of the upgrades to the two buildings was estimated to be approximately \$4,500 in 2017 dollars. For this work to the two buildings, there are no paper invoices, only verbal quotations and a verbal agreement to perform the work. This is documented in the prepared minutes of the 2017 SVHOA annual meeting. These minutes are presented herein as part of ATTACHMENT 1.

Staff 1-2: Reference the fees included in section 1.02 of Solar Village HOA's proposed tariff filed on 12/19/2019 (pages 17-18). For each fee listed in section 1.02, please provide a copy of all paid invoices incurred or other documents supporting the amount of miscellaneous fees incurred and paid by Solar Village HOA in 2019.

ANSWER:

On December 17, 2019, the PUC of Texas, received and file stamped in Docket 50083 the SVHOA response to Administrative Order No. 2 dated November 25, 2019. Attachment 4 of the SVHOA response to Order No. 2, addresses the proposed tariff for SVHOA. Pages 2-3 of the proposed tariff, Section 1.02, are the SVHOA proposed Miscellaneous Fees. Note the directive from Staff 1-2 reference a filing on 12-19-2019 (pages 17-18). As shown above the SVHOA filing was filed stamped on 12-17-2019, and the miscellaneous tariff fees are addressed in pages 2-3 of the proposed tariff. Nevertheless, SVHOA will address Staff 1-2 directive as follows.

There were no Tap Fees or any type of Meter Fees charged to homeowners in 2019. As presented in Section 2.01 of the proposed tariff, each home is connected to the water distribution system without individual meters. Additionally, as follows:

- * No Reconnection Fee to homeowners in 2019
- * No Transfer Fee to homeowners in 2019
- * No Late Charge to homeowners in 2019
- * No Returned Check Charge to homeowners in 2019
- * No Deposit Charges in 2019
- * No Governmental Testing, Inspection, & Costs Surcharge in 2019
- * No Line Extension & Construction Charges to homeowners in 2019

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- * No Line Extension & Construction Charges to homeowners in 2019

Staff 1-3: *Please admit or deny that Solar Village HOA is a not-for-profit utility. If admit, please provide evidence of not-for-profit status.*

ANSWER:

The Solar Village HOA has always referred to itself as a non-profit utility since we never made a profit. Also, the Solar Village HOA has never developed or filed a Profit and Loss Statement.

Recently the Solar Village HOA has developed and executed a document titled: NON-PROFIT BYLAWS OF THE SOLAR VILLAGE HOMEOWNERS ASSOCIATION. It is established under IRS Publication 557 Section 528(c)(5)(C) and Notarized on April 24, 2020. It was recorded in the Kerr County Courthouse on the 28th day of April, 2020. See ATTACHMENT 2.

Staff 1-4: *Please indicate which method Solar Village HOA is proposing to develop its revenue requirement and resulting rates: (1) the utility method: or (2) the cash needs method pursuant to 16 TAC 24.75 (c).*

ANSWER:

SVHOA is proposing to develop its revenue requirement and resulting rates, using the cash needs method pursuant to 16 TAC 24.75(c). SVHOA has always used a "Cash Method" to establish annual revenues and cover expenses.

Sworn Statements
to
Docket No. 50083, Filing No. 15

I, Frank D. Stevens, certify, under penalty of perjury of the state of Texas, that the information provided in this document and its attachments are true and correct to the best of my knowledge.




Dr. Frank D. Stevens, Vice President
Solar Village Homeowners Association
100 Stacy Lane, Kerrville TX 78028

4/30/2020
Date

AND;

I, E. Douglas Harris, certify, under penalty of perjury of the state of Texas, that the information provided in this document and its attachments are true and correct to the best of my knowledge.



Dr. E. Douglas Harris, President
Solar Village Homeowners Association
100 Stacy Lane, Kerrville TX 78028

4/30/2020
Date

ATTACHMENT 1

for

DOCKET No. 50083

FILING ITEM No. 15

* Quotation, dated 05-09-2016, from Sotack's Done Well Service, LLC, to provide services to Solar Village to upgrade the water system.

* Invoice, Dated 05-13-2016, from Sotack's Done Well Service, LLC.

* Minutes, for Solar Village Homeowners Association Annual Meeting held on January 28, 2017.

Sotack's Done Well Service,LLC

7113 San Pedro #389
San Antonio, TX 78216

QUOTE
1047

Date	10/10/16
5/9/2016	1047

Bill To
Solar Village Water 1212 Stacy Lane Kerrville, Tx

		P.O. No.	Terms	Project
		Due on receipt		
Description	Qty	Rate	Amount	
Estimate for work to be done on water system to upgrade to TCEQ requirements.			0.00T	
Upgrade storage tank as per specs of work required in report to meet Tceq requirements.	1	4,200.00	4,200.00	
Install chorine system including pump, piping and electrical.	1	1,175.00	1,175.00	
Upgrade service inlet from KPUC to correct main service feed.	1	1,600.00	1,600.00	
Correct slab dimensions and install required test ports and vent for well.	1	600.00	600.00	
Install 8ft fence with one 16ft gate and 4 ft gate.	1	6,600.00	6,600.00	
Remove existing old garage and remove material.	1	1,500.00	1,500.00	
If you have any questions please call me at 210-464-7656, Thank you James Sotack		Subtotal \$15,675.00		
		Sales Tax (8.25%) \$0.00		
		Total \$15,675.00		
		Payments/Credits \$0.00		
		Balance Due \$15,675.00		

Phone #
210-464-7656

Sotack's Done Well Service,LLC

7113 San Pedro #389
San Antonio, TX 78216

Invoice

Date	Invoice #
5/13/2016	1051

Bill To
Solar Village Water 100 Stacy Lane Kerrville,Tx

P.O. No.	Terms	Project
	Due on receipt	

Description	Qty	Rate	Amount
Invoice for requested deposit toward work to be done on water system as per bid of \$15,675 plus additional \$200 for small building removal which brings estimate to \$15,875. Deposit would be for up front costs and remaining balance would be due after completion and approval from Engineer. This bid also includes removal of old building and an additional amount of \$200 for removal of small building.	1	6,000.00	6,000.00
Remaining balance to be due on completion would be \$9875.00			0.00T

Subtotal	\$6,000.00
Sales Tax (8.25%)	\$0.00
Total	\$6,000.00
Payments/Credits	\$0.00
Balance Due	\$6,000.00

Phone #
210-464-7656

SOLAR VILLAGE HOMEOWNERS ASSOCIATION
ANNUAL MEETING
JANUARY 28, 2017

The meeting was called to order at 10:10 AM by President Doug Harris.

Members present:

Ruth Garcia, Douglas & Deborah Harris, Betty Haynes, Cecil & Sharon Holliman, Gerald Karstetter, Rose Medrano, Tom Morgan, Alicia Segura, Eddie Stevens, Wes & Cindi Tate, James Van Patten, Randy & Veronica Wagner

Absent: Daniel Roscom

(Owners of 19 of the SVHOA's 20 lots were present)

Guests:

Harold & Linda Johnson

Opening prayer was given by Cecil Holliman

Read January 2016 SVHOA Annual Meeting minutes.

Motion to approve the minutes was made by Sharon Holliman and seconded by Tom Morgan. The members vote to accept the 2016 Annual SVHOA Meeting minutes was unanimous.

Treasure's Report:

See attached SVHOA Treasurer's Financial Report for 2016

President's Report:

1) The following is an update on progress for Water Well

- a. Water Well system changed to meet TCEQ requirements developed by Sunbelt Engineers shown last year
 - i. Upgrade by Sotack Well Service \$16,720.38
 - ii. Sunbelt Engineers \$5,895.00
 - iii. Total Engineering and Upgrade \$22,615.38
- b. Added Chlorinator inside the pressure tank building
- c. Frank Stevens calculated chlorine formulas and purchased chlorine testing equipment. Frank is currently submitting monthly Water Well water samples and maintaining chlorine levels for the Water Well. These water samples are being submitted to the Upper Guadalupe River Authority for SVHOA water quality reports.
- d. Tore down old storage building which was a neighborhood trash magnet. Thanks to Harold & Linda Johnson, Wes Tate, Frank & Edie Stevens, Gerald Karstetter, Douglas & Deborah Harris
- e. Enclosed the Water Well system by an 8' fence
- f. Installed locks to secure water tank, fence and Water Well buildings

2) Ongoing Water Well efforts

- a. Will file as-built drawings to TCEQ and request water system certification
- b. Find company to fix roof on pump house and on chlorinator house. Received two bids, one for \$3,750 and other for \$4,000.

- c. Find someone to manage Water Well or sell the Water Well
 - d. If we decide to sell the Water Well, we still must get Water Well TCEQ approved/certified
- 3) Common Area
 - a. Consider selling the 0.65 acres
 - b. No homeowners are using the area
 - c. It sets in a flood plain
 - d. Estimated value \$3,900 (@ \$6,000/acre) to \$6,500 (@\$10,000/acre)
 - 4) Missing renter receipts for copies of SVHOA By-Laws & DCCR's.
 - a. Received only 1 of 5 responses required
 - 5) See attached SVHOA 2017 Estimated Income and Expenses
 - 6) There has been no progress on getting a sign that says "No Fire Arms Discharge/No Solicitation" due to the fact that SVHOA had no extra funds. Frank Stevens has agreed to allow the sign on his corner property.
 - 7) On 12/31/2016 there was approximately \$ 850.00 past due SVHOA dues.

New Business:

Randy & Veronica Wagner asked questions regarding the \$400/month Water Well maintenance fee for an operator. Answer: A licensed Water Well operator is required once we (SVHOA) receive our TCEQ Water Well License.

A discussion about selling the Water Well to another water company was brought up but no one elected that option. It was unanimous to proceed on with TCEQ standards.

A discussion of a letter received from Mark Zeppa, an Austin lawyer, who is representing SVHOA and proceeding with preparation and filings for a Water System Corporation. He has given us a fixed cost of \$3,000. A motion was made by James Van Patten to set up the SVHOA as a Water System Corporation and deed our Water Well to ourselves. The motion was seconded by Cecil Holliman. The vote was unanimous.

After discussing the SVHOA Income and Expenses Statement (attached), a motion was made by James Van Patten to assess each "lot" a one-time fee of \$150 due by May 1, 2017. Randy Wagner seconded it. All present approved the motion except Rose Medrano.

A discussion concerning the replacement of both Water Well area roofs was brought up. We received two bids: one for \$4,000 and second for \$3,750. Ceil Holliman made a motion to allocate a maximum of \$2,000 to replace both roofs. The motion was seconded by Deborah Harris. All present approved the motion except Cindi Tate.

James Van Patten offered his workers to replace both Water Well roofs for approximately \$1,700 - \$1,900 total if he could get some SVHOA owners to help. A straw poll was taken and no one indicated they were physically able to help. It is assumed that James Van Patten's offer is still standing.

Cindi Tate addressed concerns regarding property owners in non-compliance with the By-laws and DCCRs regarding trash, lumber and chickens at different properties. Eddie Stevens reported that she and husband Frank, who are attempting to sell their home, have lost several home sales due to complaints regarding the appearance of Solar Village.

A compliance committee to SVHOA DCCR's and By-Laws was formed comprising of Deborah Harris, Cindi Tate and Randy Wagner.

A motion to sell the common property was made by Tom Morgan and seconded by Deborah Harris. All present were in favor except for three (3) opposed.

Election of Officers:

The nominees were: President – Doug Harris, Vice President – Tom Morgan, Treasurer- Frank Stevens, and Secretary – Deborah Harris

Ballots were distributed and results recorded. The above nominees were elected unanimously.

Adjournment:

Motion to adjourn was made by Randy Wagner and seconded by Deborah Harris. Motion passed and meeting was adjourned at 11:40 AM.

ATTACHMENT 2

for

DOCKET No. 50083

FILING ITEM No. 15

* NON-PROFIT BYLAWS OF SOLAR VILLAGE HOMEOWNERS ASSOCIATION

- Signed by Secretary on April 24, 2020 (page 16)
- Notarized on April 24, 2020 (page 17)

NON-PROFIT BYLAWS OF SOLAR VILLAGE HOMEOWNERS ASSOCIATION

PREAMBLE

The following Bylaws shall be subject to, and governed by, the Non-Profit Corporation Act of Texas and the Declaration of Covenants, Conditions and Restrictions of Solar Village Homeowners Association. In the event of a direct conflict between the herein contained provisions of these Bylaws and the mandatory provisions of the Non-Profit Corporation Act of Texas, said Non-Profit Corporation Act shall be the prevailing controlling law. In the event of a direct conflict between the provisions of these Bylaws and the Articles of Incorporation of Corporation/Organization, it shall then be these Bylaws which shall be controlling.

ARTICLE 1 - NAME

The legal name of the Non-Profit Corporation/Organization shall be known as Solar Village Homeowners Association, and shall herein be referred to as the "Corporation/Organization."

ARTICLE 2 - PURPOSE

The general purposes for which this Corporation/Organization has been established are as follows:

The purpose for which the Non-Profit Corporation/Organization is formed is set forth in the attached Articles of Incorporation.

The Corporation/Organization is established within the meaning of Internal Revenue Code 528(c)(5)(C), Certain Homeowners Associations, Organization of the Internal Revenue Code of 1986, as amended (the "Code") or the corresponding section of any future federal tax code and shall be operated exclusively for the Solar Village Homeowners Association Public Water System Number 1330177.

In addition, this Corporation/Organization has been formed for the purpose of performing all things incidental to, or appropriate in, the foregoing specific and primary purposes. However, the Corporation/Organization shall not, except to an insubstantial degree, engage in any activity or the exercise of any powers which are not in furtherance of its primary non-profit purposes.

The Corporation/Organization shall hold and may exercise all such powers as may be conferred upon any nonprofit organization by the laws of the State of Texas and as may be necessary or expedient for the administration of the affairs and attainment of the purposes of the Corporation/Organization. At no time and in no event shall the Corporation/Organization participate in any activities which have not been permitted to be carried out by a Corporation/Organization exempt under Section 528(c) of the Internal Revenue Code of 1986 (the "Code"), such as certain political and legislative activities.

ARTICLE 3 - OFFICES

The principal office of the Corporation/Organization shall be located at 100 Stacy Ln, Kerrville, Texas 78028.

The Corporation/Organization may have other such offices as the Board of Directors may determine or deem necessary, or as the affairs of the Corporation/Organization may find a need for from time to time, provided that any permanent change of address for the principal office is properly reported as required by law.

ARTICLE 4 - DEDICATION OF ASSETS

The properties and assets of the Corporation/Organization are irrevocably dedicated to and for non-profit purposes only. No part of the net earnings, properties, or assets of this Corporation/Organization, on dissolution or otherwise, shall inure to the benefit of any person or any member, director, or officer of this Corporation/Organization. On liquidation or dissolution, all remaining properties and assets of the Corporation/Organization shall be distributed and paid over to an organization dedicated to non-profit purposes which has established its tax-exempt status pursuant to Section 528(c) of the Code.

ARTICLE 5 - BOARD OF DIRECTORS

General Powers and Responsibilities

The Corporation/Organization shall be governed by a Board of Directors (the "Board"), which shall have all the rights, powers, privileges and limitations of liability of directors of a non-profit corporation organized under the Non-Profit Corporation Act of Texas. The Board shall establish policies and directives governing business and programs of the Corporation/Organization and shall delegate to the Executive Director and Corporation/Organization staff, subject to the provisions of these Bylaws, authority and responsibility to see that the policies and directives are appropriately followed.

Number and Qualifications

The Board shall have up to 4 members, but no fewer than three (3) Board members. The number of Board members may be increased beyond 4 members by the affirmative vote of a two-thirds majority of the then-serving Board of Directors. A Board member need not be a resident of the State of Texas.

In addition to the regular membership of the Board, representative of such other organizations or individuals as the Board may deem advisable to elect shall be *Ex-Officio Board Members*, which will have the same rights and obligations, including voting power, as the other directors.

Board Compensation

The Board shall receive no compensation other than for reasonable expenses. However, provided the compensation structure complies with Sections relating to "Contracts Involving Board Members and/or Officers" as stipulated under these Bylaws, nothing in these Bylaws shall be construed to preclude any Board member from serving the Corporation/Organization in any other capacity and receiving compensation for services rendered.

Board Elections

The Governance Committee, if created, shall present nomination for new and renewing Board members at the last board meeting of fiscal year. Recommendations from the Governance Committee shall be made known to the Board in writing before nominations are made and voted on. New and renewing Board members shall be approved by simple majority of those Board members at a Board meeting at which a quorum is present. If no Governance Committee is created, then this duty shall fall upon another committee created for that purpose or upon the Board of Directors.

Term of Board

All appointments to the Board shall be for a term of 2 year(s). No person shall serve more than 3 consecutive terms unless a majority of the Board, during the course of a Board meeting at which a quorum is present, votes to appoint a Board member to 2 additional year(s). No person shall serve more than 6 consecutive 2 year terms. After serving the maximum total number of consecutive years on the Board, a member may be eligible for reconsideration as a Board member after 1 year has passed since the conclusion of such Board member's service.

Vacancies

A vacancy on the Board of Directors may exist at the occurrence of the following conditions:

- a) The death, resignation, or removal of any director;
- b) The declaration by resolution of the Board of a vacancy in the office of a director who has been declared of unsound mind by a final order of court, convicted of a felony, found by final order or judgment of any court to have breached a duty pursuant to the Corporation Code and/or Act of the law dealing with the standards of conduct for a director, or has missed 2 consecutive meetings of the Board of Directors, or a total of 1 meetings of the Board during any one calendar year;
- c) An increase in the authorized number of directors; or
- d) The failure of the directors, at any annual or other meeting of directors at which director(s) are to be elected, to elect the full authorized number of directors.

The Board of Directors, by way of affirmative vote of a majority of the directors then currently in office, may remove any director without cause at any regular or special meeting, provided that the director to be removed has been notified in writing in the manner set forth in Article 5 - Meetings that such action would be considered at the meeting.

Except as provided in this paragraph, any director may resign effective upon giving written notice to the chair of the Board, the president of Corporation/Organization, the secretary of Corporation/Organization, or the Board of Directors, unless the notice specifies a later time for the effectiveness of the resignation. If the resignation is effective at a future time, a successor may be designated to take office when the resignation becomes effective. Unless the Attorney General of Texas is first notified, no director may resign when the Corporation/Organization would then be left without a duly elected director in charge of its affairs.

Any vacancy on the Board may be filled by simple majority of the directors then in office, whether or not the number of directors then in office is less than a quorum, or by vote of a sole remaining director. No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

A Board member elected to fill a vacancy shall be elected for the unexpired term of his or her predecessor in office.

Resignation

Each Board member shall have the right to resign at any time upon written notice thereof to the Chair of the Board, Secretary of the Board, or the Executive Director. Unless otherwise specified in the notice, the resignation shall take effect upon receipt thereof, and the acceptance of such resignation shall take effect upon receipt thereof, and the acceptance of such resignation shall not be necessary to make it effective.

Removal

A Board member may be removed, with or without cause, at any duly constituted meeting of the Board, by the affirmative of unanimous vote of then-serving Board members.

Meetings

The Board's regular meetings may be held at such time and place as shall be determined by the Board. The Chair of the Board or any 3 regular Board members may call a special meeting of the Board with 15 days' written notice provided to each member of the Board. The notice shall be served upon each Board member via hand delivery, regular mail, email, or fax. The person(s) authorized to call such special meetings of the Board may also establish the place the meeting is to be conducted, so long as it is a reasonable place to hold any special meeting of the Board.

Minutes

The Secretary shall be responsible for the recording of all minutes of each and every meeting of the Board in which business shall be transacted in such order as the Board may determine from time to time. However, in the event that the Secretary is unavailable, the Chair of the Board shall appoint an individual to act as Secretary at the meeting. The Secretary, or the individual appointed to act as Secretary, shall prepare the minutes of the meetings, which shall be delivered

to the Corporation/Organization to be placed in the minute books. A copy of the minutes shall be delivered to each Board member via either regular mail, hand delivered, emailed, or faxed within 30 business days after the close of each Board meeting.

Action by Written Consent

Any action required by law to be taken at a meeting of the Board, or any action that may be taken at a meeting of the Board, may be taken without a meeting if consent in writing setting forth the action so taken shall be signed by all Board members. The number of directors in office must constitute a quorum for an action taken by written consent. Such consent shall be placed in the minute book of the Corporation/Organization and shall have the same force and effect as a vote of the Board taken at an actual meeting. The Board members' written consent may be executed in multiple counterparts or copies, each of which shall be deemed an original for all purposes. In addition, facsimile signatures and electronic signatures or other electronic "consent click" acknowledgments shall be effective as original signatures.

Quorum

At each meeting of the Board of Directors or Board Committees, the presence of 3 persons shall constitute a quorum for the transaction of business. If at any time the Board consists of an even number of members and a vote results in a tie, then the vote of the Chair of the Board shall be the deciding vote. The act of the majority of the Board members serving on the Board or Board Committees and present at a meeting in which there is a quorum shall be the act of the Board or Board Committees, unless otherwise provided by the Articles of Incorporation, these Bylaws, or a law specifically requiring otherwise. If a quorum is not present at a meeting, the Board members present may adjourn the meeting from time to time without further notice until a quorum shall be present. However, a Board member shall be considered present at any meeting of the Board or Board Committees if during the meeting he or she is present via telephone or web conferencing with the other Board members participating in the meeting.

Voting

Each Board member shall only have one vote.

Proxy

Members of the Board shall be allowed to vote by written proxy.

Board Member Attendance

An elected Board Member who is absent from 2 consecutive regular meetings of the Board during a fiscal year shall be encouraged to reevaluate with the Chair of the Board his/her commitment to the Corporation/Organization. The Board may deem a Board member who has missed 2 consecutive meetings without such a reevaluation with the Chair to have resigned from the Board.

ARTICLE 6 - OFFICERS

Officers and Duties

The Board shall elect officers of the Corporation/Organization which shall include a President (Executive Director), a Secretary, and such other officers as the Board may designate by resolution. The same person may hold any number of offices, with the exception that the Secretary may not serve concurrently as the President. In addition to the duties in accordance with this Article, officers shall conduct all other duties typically pertaining to their offices and other such duties which may be required by law, Articles of Incorporation, or by these bylaws, subject to control of the Board of Directors, and they shall perform any other such additional duties which the Board of Directors may assign to them at their discretion.

The officers will be selected by the Board at its annual meeting, and shall serve the needs of the Board, subject to all the rights, if any, of any officer who may be under a contract of employment. Therefore, without any bias or predisposition to the rights of any officer that may be under any contract of employment, any officer may be removed with or without cause by the Board. All officers have the right to resign at any time by providing notice in writing to the Chair of the Board, President, and/or Secretary of the Corporation/Organization, without bias or predisposition to all rights, if any, of the Corporation/Organization under any contract to which said officer is a part thereof. All resignations shall become effective upon the date on which the written notice of resignation is received or at any time later as may be specified within the resignation; and unless otherwise indicated within the written notice, a stated acceptance of the resignation shall not be required to make the resignation effective.

Any and all vacancies in any office because of death, resignation, disqualification, removal, or for any other cause, shall be filled in accordance to the herein prescribed Bylaws for regular appointments to such office. The compensation, if any, of the officers shall be fixed or determined by resolution of the Board of Directors.

Chair of the Board (Chief Executive Officer)

It shall be the responsibility of the Chair of the Board, when present, to preside over all meetings of the Board of Directors and Executive Committee. The Chair of the Board is authorized to execute, in the name of the Corporation/Organization, any and all contracts or other documents which may be authorized, either generally or specifically, by the Board to be executed by the Corporation/Organization, except when required by law that the President's signature must be provided.

Vice Chair of the Board

In the absence of the Chair of the Board, or in the event of his/her inability or refusal to act, it shall then be the responsibility of the Vice Chair of the Board to perform all the duties of the Chair of the Board, and in doing so, he/she shall have all authority and powers of and shall be subject to all of the restrictions on the Chair of the Board.

President (Executive Director)

It shall be the responsibility of the President, in general, to supervise and conduct all activities and operations of the Corporation/Organization, subject to the control, advice and consent of the

Board of Directors. The President shall keep the Board of Directors completely informed, shall freely consult with them in relation to all activities of the Corporation/Organization, and shall see that all orders and/or resolutions of the Board are carried out to the effect intended. The Board of Directors may place the President under a contract of employment where appropriate. The President shall be empowered to act, speak for, or otherwise represent the Corporation/Organization between meetings of the Board. The President shall be responsible for the hiring and firing of all personnel and shall be responsible for keeping the Board informed at all times of staff performance and for implementing any personnel policies which may be adopted and implemented by the Board. The President, at all times, is authorized to contract, receive, deposit, disburse and account for all funds of the Corporation/Organization, to execute in the name of the Corporation/Organization all contracts and other documents authorized either generally or specifically by the Board to be executed by the Corporation/Organization, and to negotiate any and all material business transactions of the Corporation/Organization.

Vice President

In the absence of the President, or in the event of his/her inability or refusal to act, it shall then be the responsibility of the Vice President to perform all the duties of the President, and in doing so shall have all authority and powers of, and shall be subject to all of the restrictions on, the President.

Secretary

The Secretary, or his/her designee, shall be the custodian of all records and documents of the Corporation/Organization, which are required to be kept at the principal office of the Corporation/Organization, and shall act as secretary at all meetings of the Board of Directors, and shall keep the minutes of all such meetings on file in hard copy or electronic format. S/he shall attend to the giving and serving of all notices of the Corporation/Organization and shall see that the seal of the Corporation/Organization, if any, is affixed to all documents, the execution of which on behalf of the Corporation/Organization under its seal is duly authorized in accordance with the provisions of these bylaws.

Treasurer (Chief Financial Officer)

It shall be the responsibility of the Treasurer to keep and maintain, or cause to be kept and maintained, adequate and accurate accounts of all the properties and business transactions of the Corporation/Organization, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and other matters customarily included in financial statements.

The Treasurer shall be responsible for ensuring the deposit of, or cause to be deposited, all money and other valuables as may be designated by the Board of Directors. Furthermore, the Treasurer shall disburse, or cause to be disbursed, the funds of the Corporation/Organization, as may be ordered by the Board of Directors, and shall render to the Chair of the Board, President, and directors, whenever they request it, an account of all the Treasurer's transactions as treasurer and of the financial condition of the Corporation/Organization.

The Treasurer shall give the Corporation/Organization a bond, if so requested and required by the Board of Directors, in the amount and with the surety or sureties specified by the Board for

faithful performance of the duties of the Treasurer's office and for restoration to the Corporation/Organization of all its books, papers, vouchers, money and other property of every kind in the Treasurer's possession or under the Treasurer's control upon the Treasurer's death, resignation, retirement, or removal from office. The Corporation/Organization shall pay the cost of such a bond.

ARTICLE 7 - COMMITTEES

Committees of Directors

The Board of Directors may, from time to time, and by resolution adopted by a majority of the directors then in office provided that a quorum is present, designate one or more committees to exercise all or a portion of the authority of the Board, to the extent of the powers specifically delegated in the resolution of the Board or in these Bylaws. Each such committee shall consist of at least two (2) persons (with the majority being directors), and may also include persons who are not on the Board but whom the directors believe to be reliable and competent to serve at the specific committee. However, committees exercising any authority of the Board of Directors may not have any non-director members. The Board may designate one or more alternative members of any committee who may replace any absent member at any meeting of the committee. The appointment of members or alternate members of a committee requires the vote of a majority of the directors then in office, provided that a quorum is present. The Board of Directors may also designate one or more advisory committees that do not have the authority of the Board. However, no committee, regardless of Board resolution, may:

- a) Approve of any action that, pursuant to applicable Law, would also require the affirmative vote of the members of the Board if this were a membership vote.
- b) Fill vacancies on, or remove the members of, the Board of Directors or any committee that has the authority of the Board.
- c) Fix compensation of the directors serving on the Board or on any committee.
- d) Amend or repeal the Articles of Incorporation or bylaws or adopt new bylaws.
- e) Amend or repeal any resolution of the Board of Directors that by its express terms is not so amendable or repealable.
- f) Appoint any other committees of the Board of Directors or their members.
- g) Approve a plan of merger, consolidation, voluntary dissolution, bankruptcy, or reorganization; or a plan for the sale, lease, or exchange of all or considerably all of the property and assets of the Corporation/Organization otherwise than in the usual and regular course of its business; or revoke any such plan.
- h) Approve any self-dealing transaction, except as provided pursuant to law.

Unless otherwise authorized by the Board of Directors, no committee shall compel the Corporation/Organization in a contract or agreement or expend Corporation/Organization funds.

Meetings and Actions of Committees

Meetings and actions of all committees shall be governed by, and held and taken in accordance with, the provisions of Article 7 - Committees of these Bylaws concerning meetings and actions of the directors, with such changes in the context of those bylaws as are necessary to substitute the committee and its members for the Board of Directors and its members, except that the time for regular meetings of committees may be determined either by resolution of the Board of Directors or by resolution of the committee. Special meetings of committees may also be called by resolution of the Board of Directors. Notice of special meetings of committees shall also be given to any and all alternate members, who shall have the right to attend all meetings of the committee. Minutes shall be kept of each meeting of any committee and shall be filed with the Corporation/Organization records. The Board of Directors may adopt rules not consistent with the provisions of these bylaws for the governance of any committee.

If a director relies on information prepared by a committee of the Board on which the director does not serve, the committee must be composed exclusively of any or any combination of (a) directors, (b) directors or employees of the Corporation/Organization whom the director believes to be reliable and competent in the matters presented, or (c) counsel, independent accountants, or other persons as to matters which the director believes to be within that person's professional or expert competence.

Finance Committee

The Finance Committee, if created, shall be responsible for making sure the Company/Organization's financial reports are accurate. It shall also oversee the budget and perform other duties like establishing reserve funds, lines of credit and investments. In the event that the Board should appoint a Finance Committee, the members of said Finance Committee must comprise less than one-half (1/2) of the membership of the Audit Committee, and the Chair of the Finance Committee shall not serve on the Audit Committee.

ARTICLE 8 - STANDARD OF CARE

General

A director shall perform all the duties of a director, including, but not limited to, duties as a member of any committee of the Board on which the director may serve, in such a manner as the director deems to be in the best interest of the Corporation/Organization and with such care, including reasonable inquiry, as an ordinary, prudent, and reasonable person in a similar situation may exercise under similar circumstances.

In the performance of the duties of a director, a director shall be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by:

- a) One or more officers or employees of the Corporation/Organization whom the director deems to be reliable and competent in the matters presented;

- b) Counsel, independent accountants, or other persons, as to the matters which the director deems to be within such person's professional or expert competence; or
- c) A committee of the Board upon which the director does not serve, as to matters within its designated authority, which committee the director deems to merit confidence, so long as in any such case the director acts in good faith, after reasonable inquiry when the need may be indicated by the circumstances, and without knowledge that would cause such reliance to be unwarranted.

Except as herein provided in Article 8 - Standard of Care, any person who performs the duties of a director in accordance with the above shall have no liability based upon any failure or alleged failure to discharge that person's obligations as a director, including, without limitation of the following, any actions or omissions which exceed or defeat a public or charitable purpose to which the Corporation/Organization, or assets held by it, are dedicated.

Loans

The Corporation/Organization shall not make any loan of money or property to, or guarantee the obligation of, any director or officer, unless approved by the Texas Attorney General; provided, however, that the Corporation/Organization may advance money to a director or officer of the Corporation/Organization or any subsidiary for expenses reasonably anticipated to be incurred in the performance of the duties of such officer or director so long as such individual would be entitled to be reimbursed for such expenses absent that advance.

Conflict of Interest

The purpose of the Conflict of Interest policy is to protect the Corporation/Organization's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of one of its officers or directors, or that might otherwise result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable corporations/organizations and is not intended as an exclusive statement of responsibilities.

Restriction on Interested Directors

Not more than 0% (percent) of the persons serving on the Board of Directors at any time may be interested persons. An interested person is (1) any person currently being compensated by the Corporation/Organization for services rendered to it within the previous twelve (12) months, whether as a full-time or part-time employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a director; and (2) any brother, sister, parent, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, mother-in-law, or father-in-law of any such person. However, any violation of the provisions of this section shall not affect the validity or enforceability of any transaction entered into by the interested person.

Duty to Disclose

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors who are considering the proposed transaction or arrangement.

Establishing a Conflict of Interest

After the disclosure of the financial interest and all material facts, and after any discussion with the interested person, the interested person shall leave the Board meeting while the potential conflict of interest is discussed and voted upon. The remaining Board members shall decide if a conflict of interest exists.

Addressing a Conflict of Interest

In the event that the Board should establish that a proposed transaction or arrangement establishes a conflict of interest, the Board shall then proceed with the following actions:

- a) Any interested person may render a request or report at the Board meeting, but upon completion of said request or report the individual shall be excused while the Board discusses the information and/or material presented and then votes on the transaction or arrangement proposed involving the possible conflict of interest.
- b) The Chair of the Board of the Board shall, if deemed necessary and appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c) After exercising due diligence, the Board shall determine whether the Corporation/Organization can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- d) If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the best interest of the Corporation/Organization, for its own benefit, and whether it is fair and reasonable. It shall make its decision as to whether to enter into the transaction arrangement in conformity with this determination.

Violations of Conflict of Interest Policy

Should the Board have reasonable cause to believe an interested person has failed to disclose actual or possible conflicts of interest, the Board shall then inform the interested person of the basis for such belief and afford the interested person an opportunity to explain the alleged failure to disclose.

If, after hearing the interested person's explanation, and after making further investigation as may be warranted in consideration of the circumstances, the Board determines the interested person intentionally failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Procedures and Records

All minutes of the Board Meetings, when applicable, shall contain the following information:

- a) The names of all the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the Board's decision as to whether a conflict of interest in fact existed.
- b) The names of the persons who were present for discussions and any votes relating to the transaction or arrangement, the content of the discussions, including any alternatives to the proposed transaction or arrangement, and a record of any vote taken in connection with the proceedings.

Acknowledgement of Conflict of Interest Policy

Each director, principal officer, and member of a committee with Board delegated powers shall be required to sign a statement which affirms that such person:

- a) Has received a copy of the conflict of interest policy;
- b) Has read and understands the policy;
- c) Has agreed to comply with the policy; and
- d) Understands that the Corporation/Organization is charitable, and in order to maintain its federal tax exemption, it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Violation of Loyalty - Self-Dealing Contracts

A self-dealing contract is any contract or transaction (i) between this Corporation/Organization and one or more of its Directors, or between this Corporation/Organization and any corporation, firm, or association in which one or more of the Directors has a material financial interest ("Interested Director"), or (ii) between this Corporation/Organization and a corporation, firm, or association of which one or more of its directors are Directors of this Corporation/Organization. Said self-dealing shall not be void or voidable because such Director(s) of corporation, firm, or association are parties or because said Director(s) are present at the meeting of the Board of Directors or committee which authorizes, approves or ratifies the self-dealing contract, if:

- a) All material facts are fully disclosed to or otherwise known by the members of the Board and the self-dealing contract is approved by the Interested Director in good faith (without including the vote of any membership owned by said interested Director(s));
- b) All material facts are fully disclosed to or otherwise known by the Board of Directors or committee, and the Board of Directors or committee authorizes, approves, or ratifies the self-dealing contract in good faith "without counting the vote of the interested Director(s)" and the contract is just and reasonable as to the Corporation/Organization at the time it is authorized, approved, or ratified; or

- c) As to contracts not approved as provided in above sections (a) and/or (b), the person asserting the validity of the self-dealing contract sustains the burden of proving that the contract was just and reasonable as to the Corporation/Organization at the time it was authorized, approved, or ratified.

Interested Director(s) may be counted in determining the presence of a quorum at a meeting of the Board of Directors or a committee thereof, which authorizes, approves, or ratifies a contract or transaction as provided for and contained in this section.

Indemnification

To the fullest extent permitted by law, the Corporation/Organization shall indemnify its "agents," as described by law, including its directors, officers, employees and volunteers, and including persons formerly occupying any such position, and their heirs, executors and administrators, against all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred by them in connection with any "proceeding," and including any action by or in the right of the Corporation/Organization, by reason of the fact that the person is or was a person as described in the Non-Profit Corporation Act. Such right of indemnification shall not be deemed exclusive of any other right to which such persons may be entitled apart from this Article.

To the fullest extent permitted by law, and, except as otherwise determined by the Board in a specific instance, expenses incurred by a person seeking indemnification in defending any "proceeding" shall be advanced by the Corporation/Organization of an undertaking by or on behalf of that person to repay such amount unless it is ultimately determined that the person is entitled to be indemnified by the Corporation/Organization for those expenses.

The Corporation/Organization shall have the power to purchase and maintain insurance on behalf of any agent of the Corporation/Organization, to the fullest extent permitted by law, against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, or to give other indemnification to the extent permitted by law.

ARTICLE 9 - EXECUTION OF CORPORATE INSTRUMENTS

Execution of Corporate Instruments

The Board of Directors may, at its discretion, determine the method and designate the signatory officer or officers, or other person or persons, to execute any corporate instrument or document, or to sign the corporate name without limitation, except when otherwise provided by law, and such execution or signature shall be binding upon the Corporation/Organization.

Unless otherwise specifically determined by the Board of Directors or otherwise required by law, formal contracts of the Corporation/Organization, promissory notes, deeds of trust, mortgages, other evidences of indebtedness of the Corporation/Organization, other corporate/organization instruments or documents, memberships in other corporations/organizations, and certificates of shares of stock owned by the Corporation/Organization shall be executed, signed, and/or endorsed by the President, Vice President.

All checks and drafts drawn on banks or other depositories on funds to the credit of the Corporation/Organization, or in special accounts of the Corporation/Organization, shall be signed by such person or persons as the Board of Directors shall authorize to do so.

Loans and Contracts

No loans or advances shall be contracted on behalf of the Corporation/Organization and no note or other evidence of indebtedness shall be issued in its name unless and except as the specific transaction is authorized by the Board of Directors. Without the express and specific authorization of the Board, no officer or other agent of the Corporation/Organization may enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation/Organization.

ARTICLE 10 - RECORDS AND REPORTS

Maintenance and Inspection of Articles and Bylaws

The Corporation/Organization shall keep at its principal office the original or a copy of its Articles of Incorporation and bylaws as amended to date, which shall be open to inspection by the directors' at all reasonable times during office hours.

Maintenance and Inspection of Federal Tax Exemption Application and Annual Information Returns

The Corporation/Organization shall keep at its principal office a copy of its federal tax exemption application and its annual information returns for three years from their date of filing, which shall be open to public inspection and copying to the extent required by law.

Maintenance and Inspection of Other Corporate Records

The Corporation/Organization shall keep adequate and correct books and records of accounts and written minutes of the proceedings of the Board and committees of the Board. All such records shall be kept at a place or places as designated by the Board and committees of the Board, or in the absence of such designation, at the principal office of the Corporation/Organization. The minutes shall be kept in written or typed form, and other books and records shall be kept either in written or typed form or in any form capable of being converted into written, typed, or printed form. Upon leaving office, each officer, employee, or agent of the Corporation/Organization shall turn over to his or her successor or the Chair of the Board or President, in good order, such corporate/organization monies, books, records, minutes, lists, documents, contracts or other property of the Corporation/Organization as have been in the custody of such officer, employee, or agent during his or her term of office.

Every director shall have the absolute right at any reasonable time to inspect all books, records, and documents of every kind and the physical properties of the Corporation/Organization and each of its subsidiary corporations/organizations. The inspection may be made in person or by an agent or attorney, and shall include the right to copy and make extracts of documents.