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# Bylaws of Career Colleges and Schools of Texas

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Revised March 11, 2004 and Clarified November 11, 2004  
Revised January 12, 2006, Revised September 19, 2006  
Revised January 10, 2008, Revised March 19, 2008, Revised December 2, 2008,  
Revised January 8, 2009, revised October 8, 2010

## ARTICLE 1: NAME AND PURPOSE

- 1.1 Name. The name of the corporation is Career Colleges and Schools of Texas (the “Corporation”).
- 1.2 Principal Office. The principal office of the Corporation shall be at such place as deemed by the board in the state of Texas, as the Board of Directors of the Corporation may determine to be in the best interest of the Corporation. The Corporation may have such other offices as the Board of Directors may determine and as the affairs of the Corporation may require.
- 1.3 Purpose. This Corporation is organized as a board of trade within the meaning of Section 501(c)(6) of the Internal Revenue Code of 1986, as amended (the “Code”), as more fully set forth in its articles of incorporation.

## ARTICLE 2: MEMBERS

- 2.1 Members. The Corporation shall have three classes of members: (a) Regular Members, and (b) Affiliate Members, and (c) Associate Members.
- 2.2 (a) Regular Members. Private post secondary career training and/or skill development schools dedicated to sound education, whose owners’ and/or management’s activity and/or speech is consistent with and not in contravention of the best interest of the Corporation, and which are supported by student tuition and which are not solely community-based or community service organizations that are authorized by the appropriate state authority are eligible to apply to become regular members or renew as regular members. Upon a majority vote of the board of the directors, payment of dues and application fee if any, determined pursuant to Section 2.4, a qualified school shall become a Regular Member. Each Regular Member is entitled to one vote on each matter on which the members are entitled or required to vote. For purposes of clarification, if one owner owns more than one school, each school that meets the eligibility criteria and pays the applicable dues may become a Regular Member.
- (b) Affiliate Members. Private post secondary career training and/or skill development schools whose education and training is offered outside the physical borders of Texas. For purposes of clarification, if a school outside of Texas wishes to become an Affiliate Member and also owns or operates a school within the state of Texas, the Texas-based school must first become a “Regular Member” before the non-resident school can become an affiliate member.

(c) Associate Members. Companies, organizations, and individuals interested in advancing the Corporation's purposes may apply to join the Corporation as Associate Members. Upon payment of the dues and payment of the application fee, if any, determined pursuant to Section 2.4, an institution shall become an Associate Member. Associate Members shall have no voting rights with exception of the two representatives appointed to serve on the Board of Directors.

2.3 Dues and Application Fee. Regular Members, Affiliate Members and Associate Members shall pay annual dues to the Corporation. The dues and the application fee, if any, shall be set by the Board of Directors. The initial dues for each member shall be for the remainder of the calendar year, payable promptly upon acceptance of the members' application. The annual renewal dues are due on October 1 of each year. The application fee, if any, is due at the time the application is filed.

2.4 Suspension of Members. The Board of Directors may suspend a member from the Corporation for any of the following reasons:

1. School is under investigation or review by a state, federal or accrediting regulatory agency for alleged fraudulent or questionable activity.
2. Consistent and continued activity and/or speech by the owners, employees or management of a school that intentionally and blatantly contradicts the professional interests of the Corporation;
3. Failure to pay or arrange for payment of dues within deadlines established by the Board;
4. Conviction of the owners or management of a school of a felony offense;
5. Suspension or revocation (but not voluntary abandonment or surrender) of any license or permit issued to such school by the applicable federal or State agency; or
6. The school or business ceases to operate for a period of 30 continuous days.

The meeting must take place at least 30 days after the member subject to suspension receives, by registered mail, written notice of the proposed action, including the identity of the date, time, and place of the meeting. The member shall be afforded an opportunity to present a defense to the charges in person. No Director affiliated with a member subject to suspension shall be permitted to vote on the suspension. Such suspension shall be for such length as is determined by the Board.

The school will be sent a letter of the apparent deficiency, as outlined in the Association Bylaws and will have 30 days to respond.

The Association will notify the school by registered mail of the decision to reinstate the schools membership, with or without the conditional requirements, or have the school remain Suspended or Terminated due to the severity of the infraction.

2.5 Annual Meetings of Members. The annual meeting of the members shall be held at the time of place designated by the Board of Directors. Written or printed notice stating the place, day and hour of the meeting shall be delivered to each Regular Member at the address for such Regular Member on the books of the Corporation, either personally, electronically, or by mail, by or at the

direction of the Chair or Secretary not less than thirty (30) nor more than sixty (60) days before the date of the meeting.

- 2.6 Special Meetings of Members. Special meetings of the members may be called by the Chairman, the Board of Directors, or by ten percent (10%) or more of the Regular Members. Written, electronic or printed notice stating the place, day, hour, and purpose of the meeting shall be delivered to each Regular Member, Affiliate Member and Associate Member not less than thirty (30) nor more than sixty (60) days before the date of the meeting, either personally, by facsimile, electronically or by mail, by or at the direction of the Chairman, Secretary, or the Regular Members calling such special meeting.
- 2.7 Place and Manner of Meetings. Meetings of the members shall be held at the principal office of the Corporation, unless some other place is designated in the notice of the meeting. Accurate minutes of any meeting of the members shall be maintained by a person designated by the board or other officer designated for that purpose.
- 2.8 Agenda for Meetings. Unless otherwise provided by these Bylaws or the articles of incorporation, neither the business to be transacted at, nor the purpose of, any regular meeting of the members need be specified in the notice or waiver of notice of such meeting in order for action to be taken at the meeting.
- 2.9 Quorum for Membership Meetings. The presence of thirty percent (30%) of the Regular Members present in person shall be a quorum for the transaction of business at all meetings; provided, that a Regular Member who has submitted a Ballot pursuant to Section 2.14 shall be counted as present for purposes of a quorum for the business of electing a Director. The affirmative vote of a majority of the Regular Members present at any meeting at which there is a quorum shall be the act of the members, unless otherwise provided by law, the articles of incorporation, or these Bylaws.
- 2.10 Notice of Adjournment. Notice of the time and place of holding an adjourned meeting at which a quorum was present need not be given to absent members if the time and place is fixed at the meeting adjourned, and it is held within seventy-two (72) hours. If a meeting is adjourned for more than seventy-two (72) hours, notice shall be given to all Regular Members not present at the time of adjournment. A quorum must be present at the reconvened meeting in order to transact business.
- 2.11 Limited Proxies. Regular Members may vote by proxy only as provided in this Section for purposes of electing Directors. Along with the notice of a meeting of members at which Directors are to be elected, the individual giving such notice shall include a proxy in the form of a ballot (a "Ballot") listing the individuals who are running for election to the Board. A Regular Member may vote by electronic mail, by mailing in the completed and signed Ballot or in person at the meeting. To be counted, a Ballot must be received at the address indicated on the Ballot at or prior to the time and day specified therein. Ballots not received at the required place by the required time will not be counted at the meeting. A Regular Member who submits a Ballot and who then attends the Regular Meeting may revoke the Ballot and vote in person by so notifying the Secretary of the Corporation in writing prior to the start of the applicable meeting. Unless revoked, a Ballot duly and timely submitted is a proxy authorizing and directing the Secretary of the Corporation to vote the Regular Member's vote as stated in the Ballot.

## ARTICLE 3: BOARD OF DIRECTORS

3.1 General Powers. Except as provided by applicable law, in the Corporation's articles of incorporation, or in these Bylaws, the business, property and affairs of the Corporation shall be managed and directed, and all corporate powers of the Corporation exercised, by or under the direction of a Board of Directors (the "Board of Directors" or the "Board"). The Board of Directors may delegate the management of the day-to-day operations of the Corporation to officers of the Corporation and other persons, provided that the business, property and affairs of the Corporation shall be managed and directed; and all corporate powers shall be exercised, under the ultimate direction of the Board of Directors, subject to the limitations of applicable law, the Corporation's articles of incorporation, or the other provisions of these Bylaws. The Board of Directors may make appropriate delegations of authority to the officers of the Corporation and may authorize one or more committees to act on its behalf. Each Director and Officer is expected to sign and comply with the CCST Board of Directors Code of Ethics.

3.2 Number; Term; Election. The Board of Directors shall consist of fifteen (15) Regular Directors, two (2) Associate members and three (3) officers consisting of the Chairman, the Chairman Elect and the Immediate Past Chairman, or such lesser or greater number of Directors as authorized by this Section. At least one (1) Regular Director position must be filled by an individual representing a Cosmetology school. In addition, the Chair of the Corporation shall serve as an ex-officio and non-voting member of the Board of Directors. The Chairman, the Chairman Elect and the Immediate Past Chairman shall not be Directors.

The Directors shall be divided into seventeen (17) places, numbered 1-17 (each a "Place"). The individuals named as the initial Directors in the Corporation's articles of incorporation hold the Places indicated therein.

The Directors that will fill Board Places 1-15 shall be elected by a majority vote of the Regular Members at the annual meeting of the members. The Directors that will fill Board Places 16 and 17 shall be appointed by majority vote of the Directors serving in Board Places 1-15. Each Director in Board places 1-15 shall serve staggered terms of three (3) years, or until his or her successor is appointed and qualified. Each Associate Director in Board Places 16 and 17 shall serve for a staggered two (2) year term.

No Director may serve more than two (2) consecutive terms.

No more than two (2) individuals from the same 'common ownership' may sit on the board at one time.

The Board of Directors may decrease the number of Directors who constitute the Board either through attrition or expiration of terms of office. No decrease in the number of Directors shall have the effect of shortening the term of a Director.

The Board of Directors may increase the number of Directors who constitute the Board by creating new Places such as "Board Member Emeritus." If the Board increases the number of Directors, the initial term of Director elected to fill the newly created Place shall be as set forth in the resolution creating the new Place.

3.3 Vacancies. If a vacancy in a Place occurs because of resignation, removal, death, or for any reason, the Place shall be filled by a majority vote of the remaining Board of Directors.

- 3.4 Qualifications. Any compensated employee of a Regular Member may serve on the Board in places 1-15. A representative of an Associate Member may be appointed to serve on the Board in places 16 and 17. Anyone that fails to meet these qualifications will immediately become ineligible to serve.
- 3.5 Nomination of Directors. At least thirty (30) days prior to an annual Board meeting, the Nominating Committee shall attempt to select no less than one (1) willing candidate for each Board vacancy.
- 3.6 Resignations. Any Director may resign at any time by giving written notice to the Chairman of the Board of Directors. Such resignation shall take effect when the notice is received, unless the notice specifies a future date. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.
- 3.7 Removals. The Board of Directors may, by a two-thirds vote of Directors present at a regular or special meeting called for the such purpose, suspend, or remove a Director for any of the following reasons:
- (a) breach of the Director's fiduciary duty to the Corporation;
  - (b) violation of the Corporation's articles of incorporation, these Bylaws or a policy duly adopted by the Board of Directors;
  - (c) conviction of a felony or misdemeanor offense (other than a traffic violation not involving substance abuse or alcohol abuse);
  - (d) consistent, continued activity and/or speech that intentionally and blatantly contradicts the professional interests of the Corporation;
  - (e) failure to attend three consecutive Board meetings unless mitigating circumstances such as a death or hospitalization prevail. The Chairman is empowered to excuse a member of the Board for an appropriate reason when notified in advance of the meeting. Such absences will be reflected with an "X" in the attendance roster to designate an excused absence;
  - (f) Violation of the Board of Directors Code of Ethics
- 3.8 Loss of Eligibility. In the event a member of the Board of Directors leaves an institution or firm (Associate Members) for whatever reason, that Director will be automatically removed from the Board after 60 days. If during that time the Director becomes eligible for the Board by affiliation with an eligible institution or firm and requests continuation of service on the Board, the Board at its next meeting (following the 60 days) will vote on the acceptance or rejection of the Board Member. A two-thirds majority vote is required to continue the member for the remainder of his/her time on the Board.
- 3.9 Regular Meetings. Regular meetings of the Board of Directors shall be held at the time and place designated by the Board. Such regular meetings shall be held at least quarterly upon at least ten (10) days advance written notice to the Directors.
- 3.10 Special Meetings. Special meetings of the Board of Directors may be called by the Chairman, the Secretary, or at least a majority of the Directors. Notice of the date, time, and place of each

special meeting of the Board shall be given to each Director at least twenty-four (24) hours before the time of the meeting. Notice of a special meeting may be by telephone followed by electronic or mailed written confirmation.

- 3.11 Agendas for Meetings. Unless otherwise provided by these Bylaws or the Corporation's articles of incorporation, neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors or any committee of the Board need be specified in the notice or waiver of notice of such meeting in order for action to be taken at the meeting.
- 3.12 Quorum for Meetings. The presence of at least a majority of the number of persons then serving as Directors present in person shall be a quorum for the transaction of business at all meetings. The affirmative vote of a majority of the Directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, unless otherwise provided by law, the articles of incorporation, or these Bylaws.
- 3.13 No Proxies. A Director may not vote by proxy at any meeting of the Board of Directors or of any committee of the Board of Directors.
- 3.14 Notice of Adjournment. Notice of the time and place of holding an adjourned meeting at which a quorum was present need not be given to absent Directors if the time and place is fixed at the meeting adjourned and it is held within seventy-two (72) hours. If a meeting is adjourned for more than seventy-two (72) hours, notice shall be given to all Directors not present at the time of adjournment. A quorum must be present at the reconvened meeting in order to transact business.
- 3.15 Compensation. Directors shall serve in such capacity without compensation on a voluntary basis but may receive reasonable and appropriate reimbursement of expenses from the Corporation, as determined by the Board of Directors.
- 3.16 Conflict of Interest. Whenever a Director has a conflict of interest, such conflict of interest shall be declared by the Director; and such Director may not vote on those issues where a conflict of interest has been declared except to discuss the nature of his or her conflict of interest. Further, such Director may not be counted towards a quorum in respect of a vote on such issue. This Section of these Bylaws is not to be construed so as to prevent, preclude, or otherwise discourage Directors (or entities which they control or which they represent) from transacting business with the Corporation on a competitive, arms-length basis, and being awarded contracts, business, or other contractual relationships based upon such Director's ability to provide (or that of the controlled or represented entity to provide), the Corporation with services or products considering price, quality and service, for what is being considered, so long as the express requirements of this Section and the requirements, if any, of applicable law are met.

#### ARTICLE 4: NOTICES

- 4.1 Form of Notice. Whenever under the provisions of these Bylaws, notice is required to be given to any member, Director or committee member, and no provision is made as to how such notice shall be given, it shall not be construed to mean personal notice, but any such notice may be given in writing, by mail, postage prepaid, or by electronic transmission followed by mailed, written notice, addressed to such member, Director or committee member at such address as appears on the books of the Corporation. Any notice required or permitted to be given by mail shall be deemed to be given at the time the notice is deposited, postage prepaid, in the United States mail;

provided, however, that facsimile or other electronically transmitted notice is deemed to be given upon successful transmission of the facsimile or other electronic communication. With respect to meetings of the Board of Directors or committees of the Board, telephonic notice followed by mailed or electronic written notice is sufficient; and such notice shall be deemed given at the time it is communicated by telephone.

- 4.2 Waiver. Whenever any notice is required to be given to a member, Director, or committee member under the provisions of the Texas Non-Profit Corporation Act, the Corporation's articles of incorporation or these Bylaws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice. Attendance of a member, Director, or committee member at any meeting shall constitute a waiver of notice of such meeting, except where a member, Director, or committee member attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

## ARTICLE 5: OFFICERS

### 5.1 Number, Appointment and Tenure, Resignation, and Removal.

- (a) Number and Appointment. The officers of this Corporation shall be a Chairman, a Chairman Elect, an Immediate Past Chairman of the Board of Directors, a Chair, a Secretary, a Treasurer, and such other officers as may be designated and elected by the Board of Directors from time to time. Two or more offices may be held by the same person, except that the offices of Chairman and Secretary and the offices of Chairman, Chairman Elect, and Immediate Past Chairman may not be held by the same person. The Secretary and Treasurer shall be Directors. No other officer need be a Director.
- (b) Term. At each annual meeting of the Board of Directors, the Board of Directors shall elect the officers, except the Immediate Past Chairman and the Chairman, for a one-year term. The Immediate Past Chairman shall be selected as set forth in Section 5.3(c). The Chairman shall be selected as set forth in section 5.3(a). Each officer so elected shall then take office and shall hold such office until the earlier of the date of the next annual meeting of the Board of Directors following the date of his or her election, and thereafter, until his or her successor shall have been duly elected and qualified, or the date such officer resigns or is removed. The Chairman and the Immediate Past Chairman may serve a maximum of two years plus any partial term remaining in the case of a vacancy in these positions.
- (c) Installation. The officers shall be installed at the annual meeting of members immediately following the Annual Board of Directors meeting when officer elections are held.
- (d) Resignation. Any officer may resign at any time by giving written notice thereof to the Chair or Secretary of the Corporation. Unless otherwise specified in the notice, the resignation shall take effect upon receipt thereof, and the acceptance of the resignation shall not be necessary to make it effective.
- (e) Removal. Any officer may be removed, either with or without cause, by a majority vote of the entire Board of Directors.

5.2 Attendance at Meetings. The Chairman, and in his or her absence the Chairman Elect, shall call meetings of the Board of Directors to order and shall act as Chairman of such meetings, and the Secretary of the Corporation shall act as Secretary of all such meetings, but in the absence of the Secretary, the Chairman may appoint any person or agent present to act as Secretary of the meeting. In the absence of both the Chairman and the Chairman Elect, the Immediate Past Chairman shall conduct the meeting.

5.3 Duties. The principal duties of the several officers are as follows:

- (a) Chairman. The Chairman shall preside at all meetings of the Board of Directors and shall perform such other duties as may be assigned to him or her by the Board of Directors. In addition, the Chairman shall serve on the Nominating Committee. The Chairman shall be the individual who served as the Chairman Elect immediately prior to the then current Chairman Elect.
- (b) Chairman Elect. The Chairman Elect shall discharge the duties of the Chairman in the event of the Chairman's absence or disability for any cause whatever and shall perform such additional duties as may be prescribed from time to time by the Board of Directors. In addition, the Chairman Elect shall serve on the Nominating Committee and be responsible for archiving all documents the Board deems important to the Corporation.
- (c) Immediate Past Chairman. The Immediate Past Chairman shall serve on the Nominating Committee as the Chairman. The Immediate Past Chairman shall be the individual who served as the Chairman immediately prior to the then current Chairman.
- (d) Chair. The Chair shall be the chief executive officer and Executive Director of the Corporation and subject to the control of the Board of Directors, shall have general charge and supervision of the administration of the activities and affairs of the Corporation. The Chair shall see that all orders and resolutions of the Board of Directors are carried into effect. The Chair shall sign and execute all legal documents and instruments in the name of the Corporation when authorized so to do by the Board of Directors, prepare an annual budget showing expected receipts and expenditures for consideration by the Board of Directors, and shall perform such other duties as may be prescribed from time to time by the Board of Directors. The Chair shall also have the power to appoint and remove subordinate employees. The Chair shall submit to the Board of Directors plans and suggestions for the activities of the Corporation, shall direct its general correspondence and shall present recommendations in each case to the Board of Directors for decision. The Chair shall present recommendations in each case to the Board of Directors for decision. The Chair shall also submit a report of the activities and affairs of the Corporation at each annual meeting of the Board and at other times when called upon so to do by the Board.
- (e) Secretary. The Secretary shall have charge of the records and correspondence of the Corporation under the direction of the Chair, and shall be the custodian of the seal of the Corporation, if any. The Secretary shall attend all meetings of the Board of Directors and give such notice of meetings as is required by these Bylaws. The Secretary shall take and keep true minutes of all meetings of the Board of Directors. The Secretary shall discharge such other duties as shall be prescribed from time to time by the Chair or the Board of Directors. The Board of Directors may appoint an Assistant Secretary to perform the duties of the Secretary during any absence or disability of the Secretary.

- (f) Treasurer. The Treasurer shall keep account of all moneys, credits, and property of the Corporation which shall come into the Treasurer's hands and keep an accurate account of all moneys received and discharged. Except as otherwise ordered by the Board of Directors, the Treasurer shall have the custody of all the funds and securities of the Corporation and shall deposit the same in such banks and depositories as the Board of Directors shall designate. The Treasurer shall keep proper books of account and other books showing at all times the amount of the funds and other property belonging to the Corporation, all of which books shall be open at all times to the inspection of the Board of Directors. The Treasurer shall also submit a report of the accounts and financial condition of the Corporation at each annual meeting of the Board of Directors. The Treasurer shall, under the direction of the Board of Directors, disburse all moneys and sign all checks and other instruments drawn on or payable out of the funds of the Corporation, unless the Board of Directors authorizes other officers, employees or agents of the Corporation to sign checks without the counter signature of the Treasurer, which checks, however, may also be required by the Board of Directors to be signed by the Chair. The Treasurer shall also make such transfers and alterations in the securities of the Corporation as may be ordered by the Board of Directors. In general, the Treasurer shall perform all the duties, which are incident to the office of Treasurer, subject to the Board of Directors, and shall perform such additional duties as may be prescribed from time to time by the Board of Directors or the Chair. The Treasurer shall give bond only if required by the Board of Directors. The Board of Directors may appoint an Assistant Treasurer to perform the duties of the Treasurer during any absence or disability of the Treasurer. The Board of Directors may appoint an Assistant Treasurer to perform the duties of the Treasurer during any absence or disability of the Treasurer.

- 5.4 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled in the manner prescribed in these Bylaws for regular election to that office.

## ARTICLE 6: COMMITTEES

- 6.1 Executive Committee. The Board of Directors may designate an Executive Committee having a number of committee members determined by the Board and composed entirely of Directors, which shall have and exercise the full authority of the Board of Directors in the management of the Corporation between meetings of the Board of Directors, and such Executive Committee may meet as often as necessary. No ratification by the Board of Directors shall be required to confirm, approve, or validate any action taken by the Executive Committee. The Executive Committee shall report to the Board of Directors at each regular meeting of the Board of Directors on the actions taken by the Executive Committee since the last regular meeting of the Board of Directors.
- 6.2 Finance Committee. The Board of Directors may designate a Finance Committee, which shall have and exercise the authority of the Board of Directors as to specific matters that may be delegated to it from time to time by the Board of Directors. The Finance Committee shall consist of the number of individuals set by the Board of Directors, a majority of whom shall be Directors. The Finance Committee shall review periodically the Corporation's financial operations and long-term financial development, gift programs, capital requirements, banking relationships, and insurance and risk management programs, and make recommendations to the Board of Directors regarding the same. In addition, the Finance Committee shall act as the investment committee

with respect to the Corporation's investments; and the audit committee with respect to audit matters. The Finance Committee shall also carry out such other duties as the Board of Directors may assign. The Finance Committee shall meet as often as necessary to review such matters and shall keep the Executive Committee and the Board of Directors advised with respect thereto.

- 6.3 Nominating Committee. The Nominating Committee shall consist of the Chairman Elect, Chairman, Immediate Past Chairman, and one other person of the Chairman's choosing. The Nominating Committee shall be responsible for selecting the candidates who will run for election to the Board. As a guide for assessing the effectiveness of potential Directors, the Nominating Committee may examine the regional diversity and cultural/ethnic diversity of the candidates, as well as, the variation of schools already represented on the Board (e.g. business, technical, cosmetology, barber, and degree-granting schools). The Nominating Committee shall submit its recommendations for Director candidates in a report to the Corporation's Secretary at least thirty (30) days prior to the annual meeting of the members. If the Nominating Committee is unable to find two (2) individuals who are willing to serve in a particular Place, the Nominating Committee shall so state in its report. The Secretary shall mail or send via electronic transmission a copy of the Nominating Committee's report to all Regular Members at least 10 days prior to the date of the annual meeting of the members.
- 6.4 Other Committees. The Board of Directors may designate one or more other committees. The duties of any such committees shall be as prescribed by the Board of Directors. Each such committee shall consist of two (2) or more persons appointed by the Chairman of the Board of Directors. A committee shall limit its activities to the accomplishment of the tasks for which it is designated and shall have no power to act except as specifically conferred by action of the Board of Directors. A majority of the members of any such committee that is authorized by the Board to exercise the authority of the Board, in whole or in part, shall be composed of Directors.
- 6.5 Chair as Member of Committees. The Chair of the Corporation shall serve as an ex-officio and non-voting member of each standing and ad hoc committee, except as otherwise specified by the Board of Directors.
- 6.6 Quorum and Voting. A majority of the members of a committee shall constitute a quorum for the transaction of business at any meeting of such committee and the act of a majority of the committee members present at a meeting at which a quorum is present shall be the act of the committee.
- 6.7 Meetings and Notices. Meetings of a committee may be called by the Chairman, or the chairman of the committee. Each committee shall meet as often as is necessary to perform its duties. Notice may be given at any time and in any manner reasonably designed to inform the committee members of the time and place of the meetings. Each committee shall keep minutes of its proceedings.
- 6.8 Resignations and Removals. Any committee member may resign at any time by giving notice to the chairman of the committee or the Secretary of the Corporation. Unless otherwise specified in the notice, such resignation shall take effect upon receipt thereof, and the acceptance of such resignation shall not be necessary to make it effective. The Board of Directors may remove any committee member at any time with or without cause.
- 6.9 Vacancies. A vacancy on a committee shall be filled for the unexpired portion of the term of the former occupant in the same manner in which an original appointment to such committee is made.

## ARTICLE 7: AMENDMENTS

These Bylaws may be altered, amended, or repealed, and new and other Bylaws may be made and adopted by the Board of Directors.

## ARTICLE 8: INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS

The Corporation shall indemnify Directors, officers, employees, and agents of the Corporation to the fullest extent required by Article 1396-2.22A of the Texas Non-Profit Corporation Act, as amended, and may indemnify such persons to the fullest extent permitted by Article 1396-2.22A of the Texas Non-Profit Corporation Act as amended, subject in each case to restrictions, if any, in the Corporation's articles of incorporation. The Corporation shall have the power to purchase and maintain, at its cost and expense, insurance on behalf of such persons to the fullest extent permitted by Article 1396-2.22A of the Texas Non-Profit Corporation Act, as amended.

## ARTICLE 9: GENERAL PROVISIONS

- 9.1 Fiscal Year. The fiscal year of the Corporation shall end on December 31 of each year, unless otherwise fixed by resolution of the Board of Directors.
- 9.2 Books and Records. The Corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of the meetings of the Board of Directors and committees.
- 9.3 Inspection of Books and Records. The Corporation's books and records shall be open to inspection of the Directors upon reasonable request and as provided by the Texas Non-Profit Corporation Act or other applicable law.
- 9.4 Seal. The Board of Directors may, but need not, adopt a corporate seal to be in such form and to be used in such manner, as the Board of Directors shall direct.
- 9.5 Checks. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.
- 9.6 Contracts. The Board of Directors may authorize any officer or officers or agent or agents of the Corporation to enter into any contract or execute and deliver any instrument in the name and on behalf of the Corporation.
- 9.7 Deposits. All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks, trust companies, or other depositories as the Board of Directors may from time to time select.

- 9.8 Telephonic Meetings. Members, Directors or committee members may participate in and act at any meeting through use of a conference telephone or other communication equipment by means of which all persons participating in the meeting can hear each other. Participation in such meeting by such means shall constitute attendance and presence in person at the meeting, except where a person participates for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.
- 9.9 Action Without a Meeting. Any action required or which may be taken at a meeting of the members, Directors or any committee may be taken without a meeting, if a consent in writing, setting forth the action to be taken, shall be signed by all Regular Members or then serving Directors or committee members, as the case may be. A telegram, telex, cablegram, or similar transmission by a Regular Member, a Director or a committee member, or a photographic, photo static, facsimile, or similar reproduction of a writing signed by a Regular member, a Director, or a committee member shall be regarded as signed by the Regular Member, the Director, or the committee member for purposes of this Section.
- 9.10 Prohibition Against Loans. The Corporation is prohibited from making any loan to any Director or officer of the Corporation.