

**BYLAWS
OF
TEXAS SURPLUS LINES ASSOCIATION, INC.**

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**BYLAWS
OF
TEXAS SURPLUS LINES ASSOCIATION, INCORPORATED**

**ARTICLE I
NAME AND TAX STATUS**

Name

1.01 The Texas Surplus Lines Association, Incorporated, is organized under the provisions of the Texas Non-Profit Corporation Act (Tex. Civ. Stat., Art. 1396-1.01) et seq. or corresponding provisions of subsequent Texas Statutes) and shall be referred to as the Association hereinafter in these bylaws.

Tax Status

1.02 The purposes of the Association are set forth in the articles of incorporation as follows:

The purpose for which the corporation is formed, pursuant to authority of Article 1396-2.01, Revised Civil Statutes of the State of Texas as amended, is to acquire, preserve and disseminate valuable business information and to adopt rules, regulations and ethical standards of conduct for its members, and generally: (1) to provide sound, authorized and regulated markets within the State for insurance not procurable, after diligent effort, from Admitted Carriers; (2) to promote compliance with the general provisions of the Texas Insurance Code, more specifically as they relate to transactions involving placement of direct insurance with non-admitted insurers; (3) to assist in the preservation of the rights of admitted insurance carriers; and (4) to assist official administration and enforcement agencies in all matters pertaining to the direct writing of excess and surplus lines of insurance.

The purpose or purposes for which the Association is organized shall be subject to the restrictions and limitations hereinafter set forth in order to qualify the Association as an exempt organization under the Internal Revenue Code, to wit:

(a) No part of the net earning of the Association shall inure to the benefit of any Director of the Association, Officer of the Association or any private individual (except that reasonable compensation may be paid for services rendered to or for the Association affecting one or more of its purposes), and no Director or officer of the Association, or any private individual shall be entitled to share in the distribution of any of the Association assets on dissolution of the Association. The Association shall not participate in, or intervene in (including the publication or distribution of statements) for any political campaign on behalf of any candidate for public office.

(b) Notwithstanding any other provision of these Bylaws, the Association shall not conduct or carry on any activities not permitted

under Section 501 (c) (6) of the Internal Revenue Code and its regulations as they now exist or as they may hereafter be amended.

ARTICLE II
OFFICES

Principal Office

2.01 The principal office of the Association in the State of Texas shall be located in the City of Austin, County of Travis. The Association may change the principal office and may have such other offices, either within or without the State of Texas, as the Board of Directors may determine or as the affairs of the Association may require from time to time.

Registered Office and Registered Agent

2.02 The Association shall have and continuously maintain in the State of Texas a registered office, and a registered agent whose office is identical with such registered office may be, but need not be, identical with the principal office of the Association in the State of Texas, and the address of the registered office may be changed from time to time by the Board of Directors.

ARTICLE III
MEMBERSHIP

Categories of Members

3.01 The association shall have four (4) categories of members. Any member shall be designated to the highest category (Voting being highest) that they are qualified to be at the discretion of the Membership Services Committee and/or the TSLA Board of Directors. The designation of such categories shall be as follows:

(a) Voting Member. Qualifications: All applicants for a Voting Membership shall satisfy the following qualifications:

(1) Applicants for Voting Membership shall be restricted to those surplus lines agencies that are licensed by the Texas Department of Insurance as a surplus lines agency, or any non-resident licensed surplus lines agents who have an office located in Texas, 2) must be in business two (2) or more years, (3) have at least \$2,000,000 in annual premium volume, 4) must be principally engaged in the placement of business from unaffiliated agents, (5) provide two written recommendations from existing Voting members, (6) pledge and abide by the Association's standards of ethical business conduct.

(b) Provisional Member. Qualifications: All applicants for Voting Membership that have not satisfied qualifications as described in (A) (2) and/or (3) shall be deemed Provisional members. Once a Provisional member has satisfied the Voting member qualifications to the satisfaction of the Membership Services Committee and/or the TSLA Board of Directors, the Provisional Member will become eligible as a Voting member.

(c) Affiliate Member. Qualifications: Any company approved to do business in the State of Texas as a surplus lines insurance carrier; any admitted insurance company that works with surplus lines agents to distribute their insurance policies or any MGU agency appropriately authorized to do business in the State of Texas may become an affiliate member. One recommendation letter from a Voting member of TSLA will be required for membership.

(d) Associate Member. Qualifications: Any firm licensed as a non-resident surplus lines agent without an office located in Texas or any other firm that has a direct interest in the surplus lines industry or would contribute expertise to those engaged in the surplus lines industry upon the written recommendation of a Voting member.

All members and applicants shall pledge themselves to abide by the association's standards of ethical business conduct.

The qualifications for each category of membership are conditions for admission to membership, for renewing membership, and for continuing membership. A member in any category of membership is subject to termination of their membership at any time for failure to satisfy these continuing qualifications for membership.

Elections of Members and Annual Renewal of Membership.

3.02 Applications for all categories of membership and annual renewals thereof shall be determined in accordance with procedures established by the Board of Directors.

Rights, Privileges and Obligations

3.03 The rights, privileges and obligations of each of the categories of membership are:

(a) Voting Members shall:

(1) have the right to vote on all matters, which require a vote of the membership, and on all matters, which may be submitted, to the membership for determination under the articles of incorporation, under these bylaws, by the Board of Directors, or under other circumstances;

(2) have the right to have the owner or one or more employees of the member firm hold an elective or appointive office or committee position; and

(3) be subject to any assessment in excess of annual dues for meeting the operation expense or extraordinary expenses of the Association.

Each firm, which is a Voting Member, shall be entitled to one vote only on matters submitted to the Voting Members for determination. Each firm shall designate from time to time the person who is empowered to cast the vote of the Voting Member.

(b) All members in a category of membership other than Voting Membership shall have no voting rights, but shall:

(1) receive invitations to all open meetings and conventions of the Association membership, provided that the Voting Members and the Directors or officers may have meetings in executive session:

(2) receive periodic communications concerning affairs of interest and important to Association members;

(3) enjoy the benefits of mutual association and exchange of information;

(4) be entitled to serve in an advisory capacity to the Board, but an employee of an affiliate member may serve 3 year terms as a director; and

(5) not be subject to any assessment, other than annual dues.

Code of Conduct

3.04 (a) The Board of Directors shall have the right and duty to expel, suspend, censure and recommend or reprimand any member for conduct in violation of the Code of Conduct.

(b) Each member, as a condition of membership, agrees to abide by the Code of Conduct.

Dues

3.05 The annual dues for each category of membership shall be:

- (a) 1-10 employees, \$1100 for Voting Membership
- 11-30 employees, \$1650 for Voting Membership
- 31-50 employees, \$2100 for Voting Membership
- 51-75 employees, \$2550 for Voting Membership
- 76-100 employees, \$3000 for Voting Membership
- 101-150 employees, \$4000 for Voting Membership
- 151-200 employees, \$5000 for Voting Membership
- 201+ employees, \$5500 for Voting Membership
- (b) \$1100 for Provisional Membership;
- (c) \$1200 for Affiliate Membership
- (d) \$1100 for Associate Membership

The Board of Directors may determine, from time to time, the amount of non-refundable application fees for each category of membership.

Payment of Dues

3.06 Dues shall be payable in advance on the first day of January in each fiscal year. Dues of a new member shall be pro-rated on a quarterly basis; for example an applicant admitted during the first quarter of the fiscal year (January, February and March) would pay dues for a full year; an applicant admitted during the second quarter of the

fiscal year (April, May and June) would pay three-fourths (3/4) of the dues for a full year.

Default in Payment of Dues

3.07 When any member of any category shall be in default in the payment of dues for a period of three (3) months from the beginning of the fiscal year of periods for which such dues become payable, their membership may thereupon be terminated by the Executive Committee and a late fee deemed appropriate by Executive Committee may apply, in the manner provided in Section 3.09 of these Bylaws.

Eligibility for Membership

3.08 The procedure for processing membership applications shall require completion of the appropriate application, which shall be reviewed by the Membership Services Committee. Should the Membership Services Committee vote, by a majority, to decline an applicant for membership, the application shall be forwarded to the Executive Committee for their review. Should the Executive Committee vote, by a majority, to decline the same applicant for membership, then the application is forwarded to the Board of Directors for a final review. An applicant can be turned down for membership, only after the application has been reviewed by all three (3) committees and a majority vote is reached to decline admittance. At anytime the Executive Committee and/or the Board of Directors may override the Membership Services Committee.

(b) The Executive Committee shall maintain and periodically review rules of eligibility of membership, which requirements shall include, but not be limited to:

- (1) A good reputation in the industry;
- (2) Minimum period of time in excess and surplus insurance business;
- (3) Minimum standards for business volume;
- (4) Minimum standards for capitalization; and
- (5) Knowledge of and willingness to abide by the code of conduct;
- (6) The applicant, its parents and affiliates not be currently under investigation or suspension by any regulatory authority, and that no such action has been taken in the last five (5) years.

Termination of Membership

3.09 (a) All members must continuously maintain eligibility for membership or be subject to termination in accordance with the following:

(1) The Executive Committee and Board of Directors are empowered to request a new application at any time from any member for review and reaffirmation of eligibility.

(2) Any membership in this Association may be terminated upon recommendation of the Executive Committee and shall only become effective upon a two-thirds vote of the Board of Directors.

(b) The causes for termination shall include but not be limited to the following causes:

(1) Willful violation of any valid state or federal law or valid rule or regulation of the Texas Department of Insurance, relative to insurance.

(2) Willful failure or refusal to comply with and abide by the charter and bylaws of the Association or valid directives of the Executive Committee, the President or the Secretary-Treasurer given pursuant to authority granted by the Board of Directors of the Association; or

(3) Suspension of any license issued by any insurance regulatory authority.

A final decision by any insurance regulatory authority revoking or refusing to renew, with cause, any license issued to any member shall automatically terminate such member's membership in the Association without any action by the Board of Directors or any Committee.

(c) The Executive Committee may, by a majority vote of those present at any regularly constituted meeting, terminate the membership of any member who fails at any time to satisfy the qualifications for the type of membership held.

(d) The Executive Committee may, by a majority vote of those present at any regularly constituted meeting, suspend or expel any member who shall be in default in the payment of dues for the period fixed in Section 3.07 of these Bylaws.

Resignation

3.10 Any member may resign by filing a written resignation with the Secretary, but such resignation shall not release the member so resigning of the obligation to pay any dues, assessments, or other charges accrued and unpaid prior to such member's resignation.

Rights Forfeited

3.11 Upon the expulsion, termination, or resignation of a member, such member shall have no right or interest in any funds, property, or other assets of the Association after said expulsion, termination or resignation.

Reinstatement

3.12 Upon written request signed by a former member and \$100 reinstatement fee, filed with the Secretary, the Executive Committee and Board of Directors may, by the affirmative vote of two-thirds of the members of the Committee and Board, reinstate such former member to membership on such terms as the Executive Committee and Directors may deem appropriate.

Transfer of Membership

3.13 Membership in this Association is not transferable or assignable.

ARTICLE IV MEETINGS OF MEMBERS

Annual Meeting

4.01 The Voting members shall meet annually in the month of November of each year on a date, at a time and place fixed by the president, for the purpose of election of Officers and Directors and for the transaction of other business as may come before the meeting. In the event an Annual Meeting is not held in November, the Board of Directors shall cause the election to be held at a special meeting of the members as soon thereafter as possible.

Special Meetings

4.02 Special meetings of the members may be called by the President, the Executive Committee, or not less than one-tenth of the members having voting rights.

Place of Meeting

4.03 The Executive Committee may designate any place either telephonically, virtually, within, or without the State of Texas, as the place of meeting for any annual meeting or for any special meeting called by the Executive Committee. If no designation is made or if a special meeting be otherwise called, the place of meeting shall be the registered office of the Association in the State of Texas; but if all of the Voting Members shall meet at any time and place, either within or without the state and consent to the holding of a meeting, such meeting shall be valid without call or notice, and at such meeting, any Association action may be taken.

Notice of Meetings

4.04 (a) A written or printed notice stating the place, day and hour of any meeting of Voting Members shall be delivered, either personally, by mail, facsimile or email, to each member entitled to vote at such meeting, not less than ten (10) or more than sixty (60) days before the date of such meeting, by or at the direction of the President, or the Secretary, or the officers or persons calling the meeting. In case of a special meeting or when required by statute or

these Bylaws, the purpose or purposes for which the meeting is called shall be stated in the notice. If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the Voting Member at his address as it appears on the records of the Association, with postage thereon prepaid.

Informal Action by Members

4.05 Any action required by law to be taken at a meeting of the Voting Members or any action which may be taken at a meeting of the Voting Members may be taken without a meeting, if a consent in writing, setting forth the action so taken, shall be signed by all of the members entitled to vote with respect to the subject matter thereof.

Quorum

4.06 Thirty percent (30%) of Voting members shall constitute a quorum. If a quorum is not present at any meeting of members, the members present may adjourn the meeting.

Proxies

4.07 At any meeting of Voting Members, a Voting Member may vote by proxy executed in writing by the Voting Member or by their duly authorized attorney-in-fact. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy.

Voting Limitations

4.08 No Voting Member shall be permitted to vote on any issue if the issue involves a specific act of such member as distinguished from a course of conduct generally followed by others in the business.

ARTICLE V BOARD OF DIRECTORS

General powers

5.01 The affairs of the Association shall be managed by its Board of Directors. The Board of Directors shall have all of the authority given to them by the laws of the State of Texas.

Number, Tenure, and Qualifications

5.02 (a) The Board of Directors shall be composed of the Officers elected by the Voting Members as provided in Article VI of these bylaws, the immediate past president, and eleven (11) persons who shall serve as Directors-at-large, nine of whom are from Voting members and two who are from Affiliate members. All persons shall be affiliated with a Voting or Affiliate member of the Association by employment or ownership interest at the time of election to the Board of Directors.

(b) The term of office of all Officers shall be one (1) fiscal year. The terms of the Directors-at-large shall be three (3) fiscal years with the terms staggered so that the term of three (3) Directors-at-large shall expire each fiscal year. The term of office of affiliate members of the board shall be (3) three fiscal years with the terms staggered so that affiliate member terms do not expire concurrently. The Officers and Directors elected to office at the annual meeting shall assume their respective offices immediately upon adjournment of the meeting.

(c) A sufficient number of Officers and Directors shall be nominated and elected at each annual meeting of the Voting members to fill all vacancies occurring by reason of expiration of term of office, death, disability, or resignation. Officers and Directors shall continue in office until their successors are elected or appointed and accept the office.

(d) There shall be no more than three (3) Voting members and no more than two (2) Affiliate member of the Board of Directors from any one entity. Any member of the Board of Directors whose affiliation changes and causes there to be a conflict with this provision during the term of office shall be required to submit a resignation as a member of the Board. This subsection may be waived for an individual by a vote of two thirds of all voting members of the Board of Directors.

(e) The election of a person holding the position of Director-at-large to another office filled by the Voting Members shall create a vacancy in the Director at large position previously held by such person.

(f) A member of the Board of Directors who terminates their employment or other affiliation with a Voting or Affiliate member firm with whom they have identified as the time of their election, shall have ninety (90) days to certify to the President their employment or other affiliation with another Voting or Affiliate member. This requirement may be satisfied if the firm by whom the member of the Board of Directors becomes employed or otherwise affiliated, is admitted to Voting or Affiliate membership status within the ninety (90) day period. The Executive Committee may, for good cause shown, enter into its minutes extending the ninety (90) day period for a reasonable time certain. Failure of the member of the Board of Directors to certify their employment or other affiliation with a Voting or Affiliate member within the ninety (90) day period or extension thereof, will create an automatic vacancy in the position which such member holds on the Board of Directors. The vacancy so created shall be filled as provided in Section 5.09 (b) of these Bylaws.

Regular Meetings

5.03 A regular annual meeting of the Board of Directors shall be held without other notice than this Bylaw, at the same place as, the Annual Meeting of Voting Members. The Board of Directors may provide by resolution the time and place, either within or without the State of Texas, for the holding of additional meetings of the Board without other notice than such resolution.

Special Meetings

5.04 Special meetings of the Board of Directors may be called by or at the request of the President or any two Directors. The person or persons authorized to call special meetings of the Board may fix any place, either within or without the State of Texas, as the place for holding any special meetings of the Board called by them.

Notice

5.05 Notice of any special meeting of the Board of Directors shall be given at least five days previously thereto by written notice delivered personally or sent by mail, facsimile or email to each Director at their address as shown by the records of the Association. Any Director may waive notice of any meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need to be specified in the notice or waiver of notice of such meeting, unless specifically required by law or by these Bylaws.

Manner of Acting

5.06 The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by law or by these Bylaws.

Duties

5.07 (a) The Board of Directors shall cause an accurate record of proceeding at its meeting be kept and truly reflected in the minutes of the actions taken. The minutes of the Directors' meeting shall be open at all reasonable times to any Voting Member.

(b) The Board shall observe any Resolution adopted by the Voting Members by a majority vote of Voting Members at any meeting or by mail ballot.

(c) The Board shall assist the Texas Department of Insurance, the Stamping Office and Comptroller's Office in an advisory capacity on any matter regarding surplus lines of insurance, when requested.

(d) The Board shall give notice to all interested parties of its findings or determination on any matter submitted to the Board.

Quorum

5.08 A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board; but if less than a majority of the Directors are present at said meeting, a majority of the Directors present may adjourn the meeting. Directors present by proxy may not be counted toward a quorum.

Impeachment and Vacancies

5.09 (a) An officer or Director-at-large may be impeached by a vote or two-thirds (2/3) of the entire Voting Membership, at any meeting of the Voting Members.

(b) Any vacancy occurring for any reason in a Director-at-large position or any Directorship to be filled by reason of an increase in the number of Directors, shall be filled by majority vote of the remaining Directors. A Director elected to fill a vacancy shall stand for election at the next Annual meeting for the non-expired term of the predecessor in his office.

Compensation

5.10 Directors as such shall not receive any stated salaries for their services, but by resolution to the Board of Directors a fixed sum and expenses of attendance, if any, may be allowed for attendance at each regular or special meeting of the Board; but nothing herein contained shall be construed to preclude any Director from serving the Association in any other capacity and receiving compensation therefore.

Informal Action by Directors

5.11 Any action required by law to be taken at a meeting of Directors, or any action, which may be taken at a meeting of Directors, may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all of the Directors.

ARTICLE VI OFFICERS

6.01 The officers shall be divided into two classes, which are those elected by the Voting Members and those elected by the Board of Directors. The officers elected by the Voting Members shall be a President, Vice President, and a Secretary-Treasurer none of whom work for the same Voting member, except that Board members who work for the same Voting member due to a change of employment during their term may serve out the remainder of their duration as an officer through all remaining positions. The Board of Directors may elect or appoint such other officers to have the authority and perform the duties prescribed, from time to time, by the Board of Directors. The same person may hold any two or more offices, except the offices of President and Secretary none of whom work for the same voting member. Offices filled by Board of Directors election or appointment shall be held by a person who is affiliated with a Voting Member, except as provided in these Bylaws.

Election and Term of Office

6.02 The Officers elected by the Voting Members shall be elected annually at the Voting Members' Annual Meeting as provided in Article IV, Section 4.01 of these Bylaws. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently maybe. New offices may be created and filled at any meeting of the Board of Directors. Each officer shall hold office until his successor shall have been duly elected and shall have qualified. The term of office shall be one (1) year.

Removal

6.03 Any Officer elected by the Voting Members or appointed by the Board of Directors may be removed by a two-thirds (2/3)-majority vote of the Directors present at any meeting, or by other manner of acting provided in these Bylaws. An Officer may be removed whenever the best interest of the Association would be served thereby in the judgment of the Board of Directors. Such removal shall be without prejudice to the contract rights, if any, of the officer so removed. The termination of Voting Membership of a firm whose representative is holding any office, shall automatically vacate the office held by the representative of such Voting Member, provided that such office shall not become vacated, if such officer certifies to the President his employment or other affiliation with a Voting member firm within ninety (90) days of the date on which the Voting member firm with whom they had been employed or otherwise identified at the time of their election ceases to be a Voting member firm. This ninety (90) day period may, for good cause, be extended by the Executive Committee for a reasonable time period.

Vacancies

6.04 A vacancy in any office because of death, resignation, disqualification or otherwise, may be filled by the Board of Directors for the non-expired portion of the term.

President

6.05 The President shall be the principal executive officer of the Association and shall in general supervise and control all of the business and affairs of the Association. The President shall be, Chairperson of the Board of Directors, of the Executive Committee, and ex-officio a member of all committees. They shall have the power to vote on matters to be determined by any committee. They shall preside at all meetings of the members and of the Board of Directors. They may sign, with the Secretary or any other proper officer of the Association authorized by the Board of Directors, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors have authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws and by statute to some other officer or agent of the Association; and in general they shall perform all duties incidental to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

Vice President

6.06 In the absence of the President or in the event of his inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall perform such other duties as from time to time may be assigned to him by the President or Board of Directors.

Secretary-Treasurer

6.07 The offices of Secretary and Treasurer shall be held by the same person.

(a) If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of the duties in such sum and with such surety or sureties as the Board of Directors shall determine. They shall have charge and custody of and be responsible for all funds and securities of the Association; receive and give receipts for moneys due and payable to the Association from any source whatsoever, and deposit all such moneys in the name of the Association in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of Article VIII of these Bylaws and in general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to them by the President or by the Board of Directors.

(b) The Secretary shall keep the minutes of the meetings of the members and of the Board of Directors in one or more books provided for that purpose; give all notices in accordance with the provisions of these bylaws or as required by law; be custodian of the Association records and the seal of the Association under its seal is duly authorized in accordance with the provision of these Bylaws; keep a register of the post-office address of each member which shall be furnished to the Secretary by each member; and in general perform all duties incident to the officer of Secretary and such other duties as from time to time may be assigned to them by the President or by the Board of Directors.

Assistant Treasurers and Assistant Secretaries

6.08 One or more Assistant Treasurers or Assistant Secretaries may be appointed by the Board of Directors from time to time as the needs of the Association may require. Such Assistant Treasurers or Secretaries shall have no voting powers and such position may be held by any person affiliated with any type of membership. If required by the Board of Directors, the Assistant Treasurers shall give bonds for the faithful discharge of their duties in such sums and with such sureties as the Board of Directors shall determine. The Assistant Treasurers and the Assistant Secretaries in general shall perform such duties as shall be assigned to them by the Treasurer or the Secretary or by the President or the Board of Directors.

ARTICLE VII COMMITTEES

Committee of Directors

7.01 (a) The President shall appoint an Executive Committee and the Board of Directors, by resolution adopted by a majority of the Directors in office, may designate and appoint other committees which, to the extent provided in such resolution of these Bylaws, shall have and exercise the authority of the Board of Directors in the management of the Association. Each such committee shall consist of two or more persons, a majority of whom are Directors and all of whom are Voting Members or are employed by a firm, which is a Voting Member.

(b) The Executive Committee shall consist of the President, Vice President, Secretary/Treasurer and Immediate Past President. The Executive committee shall have the power to determine all matters and take all actions which the Board of Directors might be called upon to determine or to take all actions which the Board or Directors might be called upon to determine or to take except as provided otherwise by statute, the articles of incorporation, and in these Bylaws.

(c) No such committee authorized by this Section 7.01 shall have the authority of the Board of Directors in reference to the following:

- (1) amending, altering, or repealing the Bylaws;
- (2) electing, appointing, or removing any member of any such committee or any Director or officer of the Association;
- (3) amending the articles of incorporation;
- (4) adopting a plan of merger or adopting a plan of consolidation with another corporation;
- (5) authorizing the sale, lease, exchange, or mortgage of or substantially all of the property in the Association;
- (6) authorizing the voluntary dissolution of the Association or revoking proceedings therefore;
- (7) adopting a plan for the distribution of the assets of the Association, or
- (8) amending, altering, or repealing any resolution of the Board of Directors, which by its terms provides that it shall not be amended, altered or repealed by such committee.

The resignation and appointment of any such committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any individual Director, or any responsibility imposed on it or him by law. Any non-Director who becomes a member of any such committee authorized by this Section 7.01 shall have the same responsibility with respect to such committee as a Director who is a member thereof.

Leadership Committee

7.02 The Leadership Committee shall consist of three (3) or more past presidents of the association. Any Voting member of the association is eligible for an officer or director position. Any Affiliate member is eligible for a director position. Incoming director nominees must not have served in an officer or director position within the last three (3) years. The Leadership Committee shall nominate one (1) person for each position to be filled by an election at the Annual Meeting. The report of the Leadership Committee shall be presented to the President at least ten (10) working days prior to the Annual Meeting. Nominations may be made from the floor at the Annual Meeting by any Voting Member.

Other Committees

7.03 Other committees not having and exercising the authority of the Board of Directors in the management of the Association may be designated by a resolution adopted by a majority of the Directors present at a meeting, which a quorum is present. All members in TSLA are eligible to serve and vote on designated committees. The chairperson of these committees shall be appointed by the President.

All chairpersons must be current Voting members in the Association, but co-chairpersons may come from any category of membership. Committee members for these committees will be selected by the committee chairperson. The removal of a committee member may be done by the committee chairperson, if the chairperson feels that the best interest of the Association shall be served by this removal. All actions of committee chairperson may be subject to approval of the Board of Directors and/or the President.

Term Of Office

7.04 Each member and advisor of a committee shall continue as such until the next Annual Meeting of the Voting Members of the Association and until their successor is appointed, unless such member or advisor be removed from such committee, or unless such member shall cease to qualify as a member thereof.

Chairperson

7.05 One Voting member of TSLA shall be selected, by the President, to serve as chairperson of each committee.

Vacancies

7.06 Vacancies in the membership or any advisory position of any committee may be filled by appointments made in the same manner as provided in the case of the original appointments.

Quorum

7.07 Unless otherwise provided in the resolution of the Board of Directors designating a committee, a majority of the whole committee shall constitute a quorum and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the committee.

Rules

7.08 Each committee may adopt rules for its own government not inconsistent with these Bylaws or with rules adopted by the Board of Directors.

ARTICLE VIII CONTRACTS, CHECKS, DEPOSITS, AND FUNDS

8.01 The Board of Directors may authorize an officer or officers, agent or agents of the Association, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association. Such authority may be general or confined to specific instances.

Checks and Drafts

8.02 All checks, drafts, or orders for the payment of money, notes, or other evidences of indebtedness issued in the name to the Association shall be signed by such officer or officers, agent or agents of the Association and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Deposits

8.03 All funds of the Association shall be deposited from time to time to the credit of the Association in such banks, trust companies, or other depositories as the Board of Directors may select.

Gifts

8.04 The Board of Directors may accept on behalf of the Association any contribution, gift, bequest, or devise for the general purpose or for any special purpose of the Association.

ARTICLE IX INDEMNIFICATION

Indemnification

9.01(a) The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceedings, whether civil, criminal, administrative or investigative other than an action by or in the right of the Association) by reason of the fact that they are or were a Director, officer, employee or agent of the Association, or is or was serving at the request of the Association, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, firms and amounts paid in settlement actually and reasonably incurred by them in connection with such action, suit or proceeding if they acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interest of the Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe their conduct was unlawful.

(b) The Association shall indemnify any person who was or is a party of, is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the fact that they are or were a Director, officer, employee or agent of the Association, or is or was a Director, officer, employee or agent of the Association or is or was serving at the request of the Association or was a Director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expensed (including attorneys' fees) actually and reasonably incurred by them in connection with the defense or settlement of such action or suit if they acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interest of the Association provided, however that no indemnification shall be made in respect of any claim, issue or matter which such person shall have been adjudged to be liable for negligence or misconduct in the performance of their duty to the Association except to the extent that the court in which such action or

suit was brought shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

(c) The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which they reasonably believed to be in or not opposed to the best interest of the Association, and with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

(d) Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Association in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or in behalf of the Director, officer, employee or agent to repay such amount unless it shall ultimately be determined that they are entitled to be indemnified by the Association as authorized in this Section 9.01.

(e) The indemnification hereunder shall be made only a determination in the specific case that indemnification is proper under the substantive standards established hereunder. Such determination shall be made (1) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or, even is obtainable a quorum of disinterested Directors so direct, by independent legal counsel in a written opinion, or (3) by the Voting Members.

(f) The Association shall have power to purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a Director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against them and incurred by them in any such capacity arising out of his status as such, whether or not the Association would have the power to indemnify them against such liability under the provisions of this Section.

ARTICLE X
BOOKS AND RECORDS

10.01 The Association shall keep correct and complete records of account and shall also keep minutes of the proceedings of its members, Board of Directors, and committee having any of the authority of the Board of Directors, and shall keep at the registered or principal office a record giving the names and addresses of the members entitled to vote. All books and records of the Association may be inspected by any member or their agent or attorney for any proper purpose at any reasonable time.

ARTICLE XI
FISCAL YEAR

11.01 The fiscal year of the Association shall begin on the first day of January and end on the last day of December in each year.

ARTICLE XII
SEAL

12.02 The Board of Directors shall provide a corporate seal, which shall be in the form of a circle and shall have inscribed thereon the name of the Association.

ARTICLE XIII
WAIVER OF NOTICE

13.01 Whenever any notice is required to be given under the provisions of the Texas Non-Profit Corporation Act or under the provisions of the Articles of Incorporation or the Bylaws of the Association, a waiver thereof in writing signed by the person of persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE XIV
AMENDMENT TO BYLAWS AND INTERPRETATION

Amendment

14.01 These Bylaws may be altered, amended, or repealed and new Bylaws may be adopted by a majority of the Directors present at any regular meeting or at any special meeting, if a least two (2) days written notice is given of any intention to alter, amend, or repeal these Bylaws or to adopt new Bylaws at such meeting. No committee authorized by Section 7.01 may exercise the powers authorized by this Section of these Bylaws.

Interpretation

14.02 The Bylaws and all other rules of the Association may be interpreted by a majority of the Board of Directors at any meeting or may be interpreted by a majority of the Executive Committee at any meeting, if the Executive Committee must apply a provision of these Bylaws or some other rule of the Association in determining any matter of taking any action within its power.

ARTICLE XV
ROBERT'S RULES OF ORDER

15.01 Robert's Rules of Order shall apply and shall govern all proceedings of the Association's members, Directors and committees unless such Rules of Order shall be contrary to the statutes, which govern this Association or shall be contrary to the articles of incorporation, Bylaws, and other rules of order of the Association.

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