

**AMENDED AND RESTATED BYLAWS  
OF  
ADSC - THE INTERNATIONAL ASSOCIATION OF FOUNDATION DRILLING**

These amended and restated Bylaws (referred to as the “Bylaws”) govern the affairs of the ADSC - The International Association of Foundation Drilling, a non-profit corporation (referred to as the “Corporation”) organized under the Texas Business Organizations Code, Chapter 22, (referred to as the “Act”).

**ARTICLE 1  
OFFICES**

1.01. Principal Office. The principal office of the Corporation in the State of Texas shall be located at such office location approved by the Board of Directors. The Board of Directors may change the location of any office of the Corporation.

1.02. Registered Office and Registered Agent. The Corporation shall comply with the requirements of the Act and maintain a registered office and registered agent in Texas. The registered office may, but need not, be identical with the Corporation’s principal office in Texas. The Board of Directors may change the registered office and the registered agent as provided in the Act.

**ARTICLE 2  
NONPROFIT  
PURPOSES**

2.01. Tax Exemption. The Corporation is organized for the purpose of performing one or more activities within the meaning of Section 501(c)(6) of the Internal Revenue Code of 1986, as amended (hereinafter the “Code”). The Corporation pledges that all its assets will be used exclusively for its exempt purposes. Specifically, but not by limitation, the exempt purposes of the Corporation are as follows:

- (a) To protect, promote, foster and advance the interest of persons, firms, or corporations engaged in the business of the Approved Technologies; Drilled Shafts, Anchored Earth Retention, Micropiles; and Soil Nailing. Collectively the “Approved Technologies”
- (b) To encourage the design and construction of the “Approved Technologies” and improve the conditions under which the industry operates
- (c) To foster ethical business practices;
- (d) To improve machinery for the peaceful settlement of disputes between members, or between them and their employees or customers;
- (e) To study ways and means to protect the industry against unfair and unjust burdens and exactions;

- (f) To collect and disseminate scientific and industrial data to the industry;
- (g) To promote a better understanding and positive relations between members of the industry;
- (h) To promote good understanding and mutually beneficial relations between the members and their clients;
- (i) The operation of the Corporation shall be for the mutual benefit of all the members of the Corporation and any excess funds which the Corporation shall acquire by gift, devise, or membership dues shall be used for the general purposes of the Corporation at the discretion of the Board of Directors for educational purposes, grants, gifts, or endowments to educational institutions, or the furthering of the scientific development of the industry, or otherwise consistent with the purposes of the Corporation.
- (j) To conduct, sponsor, foster and promote education and training of members and their clientele that furthers the above stated goals and purposes.
- (k) To educate the Corporation's members and their clientele regarding the latest technologies and trends in the industry.

### **ARTICLE 3** **MEMBERS**

3.01. Members. The Corporation shall have members as that term is defined in the Act. The members' rights and classifications are defined in these Bylaws.

3.02. Recognition of Competition. The Corporation and all its members recognize the vital importance of vigorous competition between members of the Corporation, as well as between everyone in the industry, whether members of this Corporation or not, and this Corporation and its members shall not engage in any activities prohibited by law, either Federal State, or International, and in this regard nothing in these Bylaws shall be construed or applied in any way restrict or impair the sound and healthy competition between competitors required by our Anti-Trust Laws which are so necessary for the preservation of the free enterprise system which benefits the society of which we are all a part.

3.03. Qualifications of Members. The rights and classes of the members shall be as set forth in these Bylaws. Membership in any class of membership may be denied by the Board of Directors if it is the determination and findings of the Board that a potential member is detrimental to the interests of the Corporation. The decision of the Board of Directors to admit or deny membership in the Corporation shall be conclusive, final and binding. The dues and qualifications for each member class and the benefits to be received by each class shall be determined in the sole discretion of the Board of Directors. Each member agrees to abide and be governed by these Bylaws, as may be amended, with respect to the corporate governance and operations of the Corporation.

3.04. Classifications of Members. Members shall be classified as follows:

- (a) Corporate Contractor Member: These members shall be specialty subcontractors who act as such for the installation of the Approved Technologies. Unless otherwise noted herein, “Contractor Member” refers to Corporate Contractor Member. Each Contractor Member shall have one vote on matters submitted to the members for a vote by the Board of Directors.
- (b) Individual Contractor Members: These members must be employees of a Corporate Contractor Member firm. Individual Contractor Members shall have no vote in any matter of the Corporation’s business. Individual Contractor Members will receive benefits in the Corporation such as those set forth by the Board of Directors.
- (c) Corporate Associate Members: These members of the Corporation shall consist of persons, firms, or corporations engaged in the manufacture and/or supplying of materials or services to the Approved Technologies industry. Unless otherwise stated in these Bylaws, “Associate Member” refers to Corporate Associate Member. Corporate Associate Members shall have no vote in any matter of the Corporation’s business including in the election of members of the Board of Directors. A Corporate Associate Member may be elected to the Board of Directors, and as an elected Director, may vote on matters that come before the Board for a vote.
- (d) Individual Associate Members: These members must be employees of a Corporate Associate Member firm. Individual Associate Members shall have no vote in any matter of the Corporation’s business. Individual Associate Members will receive benefits in the Corporation such as those set forth by the Board of Directors.
- (e) Corporate Technical Affiliate Members: These members shall consist of firms not regularly performing as a contractor; such as testing companies, engineers, architects, government agencies, and academicians. Corporate Technical Affiliate Members shall have no vote in any matter of the Corporation’s business, including in the election of members of the Board of Directors. Corporate Technical Affiliate Members may be elected to the Board of Directors, and as an elected Director, may vote on matters that come before the Board for a vote.
- (f) Individual Technical Affiliate Members: These members shall consist of engineers not regularly employed by foundation drilling and/or anchored earth retention contractors, but by testing companies, architects, engineers, government agencies, and academia. Individual Technical Affiliate Members shall have no vote in any matter of the Corporation’s business, including in the election of members of the Board of Directors. An Individual Technical Affiliate Member may be elected to the Board of Directors, and as an elected Director, may vote on matters that come before the Board for a vote.
- (g) Technical Affiliate Student Memberships: These members must be enrolled, either full or part time, in a college, university or other secondary education program as determined by the Board of Directors, and must complete any membership application and pay all required dues adopted by the Board of Directors. These members shall have no vote in any matter of the Corporation’s business, including in the election of members of the Board of

Directors. Technical Affiliate Student Members are ineligible to serve as Directors of the Corporation. Technical Affiliate Student Members will receive benefits in the Corporation such as those set forth by the Board of Directors.

- (h) Operator Affiliate Members: These members shall consist of those utilities, institutions, and government agencies that own and/or operate drilling equipment for internal work common to their function. This membership category shall not be made available to those utilities, institutions, or agencies that substantially compete with the Corporation's Contractor Members in the general marketplace, as determined by the Board of Directors in its sole discretion. Operator Affiliate Members shall have no vote in any matter of the Corporation's business, including in the election of members of the Board of Directors. Operator Affiliate Members will receive benefits in the Corporation such as those set forth by the Board of Directors.
- (i) Members Emeritus: These are retired members of the Corporation upon whom has been bestowed the honorary membership of Emeritus by the Board of Directors. Members Emeritus shall have no vote in any matter of the Corporation's business, including in the election of members of the Board of Directors. However, a Member Emeritus may be elected to the Board of Directors, and as an elected Director, may vote on matters that come before the Board for a vote. Members Emeritus are eligible to participate in the Corporation at all levels similar to any other non-voting member in good standing.

3.05. General Membership Administration. Applications for admission as a member shall be made on forms provided for that purpose. All applicants eligible and approved by the vote of the Board of Directors shall, upon payment of the prescribed dues and/or assessments, become members of the Corporation. The Executive Director shall keep all members advised as to the receipt and disposition of the member's respective membership applications. Each new applicant for membership shall be entitled to examine a copy of the Bylaws. All applications for membership must be accompanied by a check or other payment for the amount of the initiation or first year membership fees as shall be fixed from time to time by the Board of Directors. In the case of applications that are rejected, the initiation fee may be returned to the applicant.

3.06. Termination of Membership. A "member in good standing" is a person or business whose dues, fees and all applicable applications are current. Membership shall terminate by the member's written request, death, expulsion, resignation, and for other cause found by the Board of Directors at its discretion. Termination of membership shall not affect the contract rights of the member or the Corporation existing at the time of termination. The Corporation, by and through the Board of Directors or the Executive Committee, may terminate a member's membership for failing to pay the prescribed dues, which may be accomplished according to the policies and procedures adopted by the Board for termination for failing to pay dues. Notwithstanding any bylaw herein to the contrary, the policies and procedures adopted by the Board in this regard shall be the method for and shall govern the termination of memberships for failing to pay dues owed to the Corporation.

3.07. Certificate of Membership. The Corporation may provide certificates evidencing membership in the Corporation if so requested by the paid member. Membership certificates shall be dated with original membership date. If a certificate is lost, mutilated, or destroyed, a new certificate may be issued upon request and at a charge determined by the Executive Committee.

3.08. Voting Rights of Members. Each member of the Corporation, regardless of class, is entitled to one vote on each matter submitted to a vote of the Corporation's members, except to the extent that the voting rights of members of a class are limited, enlarged, or denied by the Certificate of Formation or these Bylaws. A member entitled to vote may vote by proxy executed in writing by the member. No proxy shall be valid after eleven months from the date of its execution. Except as expressly allowed herein or required by law, the Board of Directors shall determine what issues shall be presented for vote by the members.

3.09. Method of Member Voting. At the discretion of the Board of Directors and as may be allowed by law, member votes may be conducted in person, by mail, by facsimile transmission, by electronic message (e-mail), or by any combination of those methods.

3.10. Non-assignment of Membership. Membership is not transferable or assignable. Each membership terminates on the dissolution of this Corporation or the death of the member. Membership is not a property right that may be transferred after a member's death. In the event that the business of any member firm or corporation shall be sold, consolidated or the control thereof passed to any new firm or corporation, this Corporation shall be immediately notified.

3.11. Financing, Assessments and Dues. The amount and method of scheduling dues and collection shall be fixed from time to time by the Board of Directors and set forth in a dues structure document kept current by the Board of Directors. The general Membership shall be liable proportionally for any deficit there may be in the operating expenses established by the budget of the Corporation for the preceding year. The Board of Directors shall recommend the annual assessment of such dues within the limits of the Bylaws for the approval of the Corporation at the Board of Director's Annual Meeting. Member dues shall be paid to the Corporation and handled as the Board of Directors may direct consistent with these Bylaws.

3.12. Annual Meeting of the Members. The Board of Directors shall schedule an annual meeting of the members, which will be held in the first Quarter of each fiscal year and at a time and place designated by the Executive Committee. At the annual meeting, the president of the Corporation shall preside, or if the president is unable or unwilling to preside, the vice president will preside, and the members shall transact any business that shall come before or be presented to the members at the meeting by the Board of Directors.

3.13. Notice of Annual Meeting. Written or printed notice of the annual meeting of the members shall be delivered to each member entitled to vote at the meeting not less than thirty (30) days before the date of the meeting. Notice of any meetings may be delivered in person, in writing, by e-mail, or other reasonable means. The notice shall state the place, date and time of the meeting and the general purpose or purposes for which the meeting is called.

3.14 Quorum of Members. When a membership meeting has been properly noticed, members holding one-tenth (1/10<sup>th</sup>) of the votes entitled to be cast, in person or by proxy, shall constitute a quorum for the transaction of business. A majority vote of members in good standing present at the meeting at which a quorum is present shall be sufficient to constitute an act of membership, unless a higher percentage is required herein or under applicable law such as to amend the Certificate of Formation.

3.15. Special Meeting of the Members. A special meeting of the members may only be called by the president, the Board of Directors, or members constituting not less than twenty percent (20%) of the total voting membership of the Corporation. Notice of any special meeting shall state the place, day, and time of the meeting, who called the meeting, and the purpose or purposes for which the meeting is called.

3.16. Order of Business at the Annual Meeting. Except as otherwise provided herein, *Sturgis' Standard Code of Parliamentary Procedure* shall govern in any question of parliamentary procedure. The order of business at the Annual Meeting of the Corporation is generally as follows:

- (a) Call to Order.
- (b) Roll Call.
- (c) Executive Committee Report.
- (d) Executive Director Report.
- (e) Treasurer's Report.
- (f) Old Business.
- (g) New Business.
- (h) Adjournment.

3.17. Chapter Organizations. The Corporation encourages and supports the organization of affiliated chapters within the states and territories of the United States or in countries outside the territorial limits of the United States. The purposes and basic policies of chapter organizations shall in every case be aligned with the purposes and basic policies of this ADSC Corporation so as to achieve share or group tax benefits, exemptions and related benefits. These affiliated chapters may be called chapters, local boards, support groups or other similar names. To support the initial organization of a chapter and otherwise to comply with the Code's group exemption requirements, the Corporation may, if advisable to the Corporation, elect or appoint a simple majority of the members of the affiliated chapter organization's Board of Directors. To further support and guide chapters, the Corporation may assist in the establishment of bylaws, rules and regulations for the affiliated chapters with respect to the management of such ~~chapter~~. The chapter approval process, national dues, if any, and other matters relating to the affiliation between chapters and the Corporation shall be determined within the discretion of the Board of Directors of the Corporation. Chapter bylaws shall be submitted to and approved by the Corporation. Within the framework of the responsibility that chapter organizations share with this ADSC Corporation for the implementation of the purposes and basic policies of this Corporation, the chapter organizations shall be self-governing organizations with independent legal existence.

3.18. Chapter Commitment to Corporation's Mission. Each affiliated chapter shall accept the nonprofit purposes and functions of the Corporation. Each chapter's organizational documents shall state the fundamental purposes and missions of the Corporation. Each affiliated chapter should annually renew their written commitment to abide by the vision, mission, values and purposes of the Corporation (the "Commitments"). In the event that an affiliated chapter refuses or fails to agree to or to abide by the Commitments, the affiliation between the Corporation and the chapter may be terminated as provided in these Bylaws so as to prevent adverse tax and other associational problems.

3.19. Chapter Membership, Process of Admission, and Dues. To ensure appropriate accounting of chapter organizations, the Corporation may require any interested chapter group to submit a letter of intent for chapter admittance to the Corporation, and to complete and submit any other documentation or application as may be reasonably requested by the Corporation. All members of an affiliated chapter shall be members of this ADSC Corporation and may be requested to pay any ADSC Corporation dues (“national dues”) determined by the Board of Directors. Each affiliated local unit shall pay current dues, any mandatory conference dues, and other reasonable dues or fees, and failure to timely due so shall constitute grounds for suspension or termination of affiliation.

3.20. Termination of Affiliation. If at any time the Corporation, through its Board of Directors, has any reason to believe that an affiliated local unit has violated or is violating any the purposes of the Corporation or regulations applicable to any tax exemption enjoyed by and among the chapters and this Corporation, the Corporation, through its Board of Directors, shall have the right and power to investigate, and the affiliation between the Corporation and the affiliated local unit may be suspended or terminated, with or without cause, at the sole discretion of the Corporation.

3.21. Use of the Name, Logo, and Property. Use of name, initials, logo, insignia, and other property of the Corporation is reserved for the Corporation, its members and official affiliated chapters in good standing as determined by the Board of Directors of the Corporation. Any use of the name, initials, logo, insignia, and other property of the Corporation shall be conditioned upon a separate written agreement between the member or chapter unit and the Corporation. No alteration or modification to the name, logo, or trademarks of the Corporation shall be permitted except with the express written permission of the Board of Directors of the Corporation.

#### **ARTICLE 4** **BOARD OF DIRECTORS**

4.01. Management. The Board of Directors shall manage and govern the affairs of the Corporation, except as may be exclusively reserved to the members.

4.02. Number, Qualifications, and Tenure of Directors. The powers of the Corporation shall be exercised by or under the authority of, and the property, business, and affairs of the Corporation shall be managed under the direction of a board of not less than twelve (12) and not more than seventeen (17) Directors, as may be determined by the Board of Directors from time to time, provided that no decrease in the number of Directors shall have the effect of shortening the term of any incumbent Director. The president and each officer shall be a Director and count towards the minimum and maximum number allowed under this provision. A term for a Director position shall be three years. Each Director may serve only two consecutive terms, or six years, whichever is longer. To the extent that a Director completes the term of another Directors, the successor Director may subsequently serve two (2) consecutive terms of three (3) years. After an intervening period of one year, a former Board member is eligible to serve two more consecutive terms as provided herein. Notwithstanding the foregoing, the Executive Committee may request that a Director or an officer stand for election for additional consecutive terms if, in the opinion of the Executive Committee, the person’s continued service on the Board is deemed to be of

exceptional benefit to the Corporation. In addition, Directors who are elected to serve on the Executive Committee shall be permitted to serve up to a six-year term on such committee, independent of the years of service only as a Director, unless the Board, at its annual meeting, votes to reduce the term of the Director's Executive Committee service. In such Executive Committee member capacity, the Director's term on the Board shall be extended accordingly, per section 5.03 of these Bylaws.

4.03. Qualifications of Members of the Board of Directors. To be eligible for nomination and election as a Board member, a nominee must not be less than twenty-one years of age and must not have any conflict of interest or financial or other connection with any business, industry, or other activity whose operation or purpose could be construed by the Board of Directors in its sole discretion, to contravene the objectives of the Corporation. The Board of Directors' decision as to whether such an interest exists shall be final, conclusive and binding, although the Board may reconsider any of its determinations. A Member shall be permitted to have no more than one officer, director, owner, partner, or employee serving on the Board of Directors of this Corporation at any given time.

4.04. Appointment of Nominating Committee. Not less than 90 days before the annual meeting of the members, the President shall appoint a Nominating Committee chaired by the Immediate Past President, consisting of three (3) or more members who, in the President's judgment, are representative of the membership.

4.05. Nominations for Directorship. The Nominating Committee shall select a group of nominees for directorship and, not less than 45 days before the annual meeting of the members, will report the selection to the Executive Committee to approve submission to the members, which decision shall be final. The Executive Committee will notify the membership of the nominees for election at least thirty (30) days before the annual meeting of the members; provided, however, that at any meeting at which the election of a director occurs, a member may nominate a person with the second of any other member present at the meeting. All nominees for Directors shall be nominated for a term of three years. The Board of Directors and officers shall serve until the close of the meeting at which their successors are elected or appointed.

4.06. Election of Directors. A person who meets any qualification requirements to be a Director and who has been duly nominated may be elected as a Director. Before the election, every nominee for Director must agree to serve and to accept the obligations of the office if elected. Directors shall be elected by a majority vote of the Contractor Members of the Corporation at the Annual Meeting of the Corporation. Only Members shall be entitled to vote in an election of a Director.

4.07. Vacancies. Vacancies on the Board of Directors shall exist upon: (a) the death, resignation, or removal of any Director or officer; (b) an increase in the authorized number of Directors; or (c) the failure of the Directors to elect the full authorized number of Directors to be voted for at any annual, regular, or special meeting of the Board of Directors at which any Director is to be elected. The Board of Directors may declare the office of a Director vacant if a court adjudges the Director incompetent, if he is convicted of a crime involving moral turpitude, or if he does not accept the office of Director, in writing or by attending a meeting of the Board of Directors, within thirty (30) days notice of election. Any vacancy occurring in the Board of Directors, and any director position to be filled due to an increase in the number of directors,

shall be filled by the unelected nominee or nominees for a director who received the next highest number of votes at the most recent annual meeting of the members where a director election was held.. A Director appointed or elected to fill a vacancy shall be appointed or elected for the unexpired term of the predecessor-in-office. Vacancies reducing the number of Directors to less than three (3) shall be filled before the transaction of any other business.

4.08. Annual Meeting. Unless notified otherwise by the Board of Directors, the annual meeting of the Board of Directors shall be held each calendar year at the same place as and immediately following the Annual Meeting of the Members. Notice of the annual meeting of the Board of Directors is required at least thirty (30) days in advance of the meeting. Such notice may be in writing, by e-mail, or other reasonable means.

4.09. Regular Meeting. The Board of Directors or the Executive Director (whose decision is subject to disapproval or change by the Board of Directors) may provide for regular, quarterly meetings by resolution or notice stating the time and place of such meetings.

4.10. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the president or not less than 33% of the Directors. A person or persons authorized to call special meetings of the Board of Directors may fix any place within the county the Corporation's office is located, unless a majority of the Board of Directors consents otherwise, in writing. The person or persons calling a special meeting shall notify the Secretary of the information required to be included in the notice of the meeting. The secretary shall give notice to the Directors as required in the Bylaws.

4.11. Notice. Written or printed notice of any special meeting of the Board of Directors shall be delivered to each Director not less than ten (10) days before the date of the meeting. The notice shall state the place, day, and time of the meeting, who called the meeting, and the purpose or purposes for which the meeting is called.

4.12. Action by Consent of Board Without Meeting. Any action required or permitted to be taken by the Board of Directors may be taken without a meeting, and with the same force and effect as a unanimous vote of Board of Directors, if a written consent (including an electronic writing such as email), stating the action to be taken, is signed by the number of directors necessary to take that action at a meeting at which all of the directors are present and voting. The consent must state the date of each director's signature. Such consent may be given individually or collectively.

4.13. Quorum. A two-thirds (2/3) majority of the number of members of the Board of Directors then in office shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. The Board members present at a duly called or held meeting at which a quorum is present may continue to transact business even if enough Board members leave the meeting so that less than a quorum remains. However, no action may be approved without the vote of at least a majority of the number of Board members required to constitute a quorum.

4.14. Conduct of Meetings. At every meeting of the Board of Directors, the President of the Corporation shall preside, and if not, the Vice President. The Secretary of the Corporation shall act as Secretary of the Board of Directors. When the Secretary is absent from any meeting,

the President, or the person presiding, may appoint any person to act as secretary of the meeting.

4.15. Powers of Board of Directors. In addition to the powers and authorities expressly conferred by these Bylaws upon them, the Board may exercise all such powers of the Corporation and do all such lawful acts and things as are directed or required to be exercised or done by statute, the Certificate of Formation, or these Bylaws.

4.16. Duties of the Board. Board members shall discharge their duties, including any duties as committee members, in good faith, with ordinary care, and in a manner they reasonably believe to be in the best interest of the Corporation. Ordinary care is care that ordinarily prudent persons in similar positions would exercise under similar circumstances. In the discharge of any duty imposed or power conferred on Board members, they may in good faith rely on information, opinions, reports, or statements, including financial statements and other financial data, concerning the Corporation or another person that were prepared or presented by a variety of persons, including officers and employees of the Corporation, professional advisors or experts such as accountants or attorneys. A Board member is not relying in good faith if the Board member has knowledge concerning a matter in question that renders reliance unwarranted.

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

4.17. Duty to Avoid Improper Distributions. Board members who vote for or assent to improper distributions, are jointly and severally liable to the Corporation for the value of improperly distributed assets, to the extent that debts, obligations, and liabilities of the Corporation are not thereafter paid and discharged. Any distribution made when the Corporation is insolvent, other than in payment of corporate debts, or any distribution that would render the Corporation insolvent is an improper distribution. A distribution made during liquidation without payment and discharge of or provision for all known debts, obligations, and liabilities, is also improper. Board members participating in a Board meeting at which the improper action is taken are presumed to have assented, unless they dissent in writing. The written dissent must be filed with the secretary before adjournment or mailed to the Secretary by registered mail or email immediately after adjournment.

A Board member is not liable if, in voting for or assenting to a distribution, the member (1) relies in good faith and with ordinary care on information, opinions, reports, or statements, including financial statements and other financial data, prepared or presented by one or more officers or employees of the Corporation; legal counsel, public accountants, or other persons as to matters the member reasonably believes are within the person's professional or expert competence; or a committee of the Board of Directors of which the member is not a member; (2) while acting in good faith and with ordinary care, considers the assets of the Corporation to be at least that of their book value; or (3) in determining whether the Corporation made adequate provision for payment, satisfaction, or discharge of all of its liabilities and obligations, relied in good faith and with ordinary care on financial statements or other information concerning a person who was or became contractually obligated to satisfy or discharge some or all of these liabilities or obligations. Furthermore, Board members are protected from liability if, in the exercise of ordinary care, they acted in good faith and in reliance on the written opinion of an attorney for the

Corporation.

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

4.18. Asset Management. The Board of Directors or the Executive Committee are empowered to authorize the Executive Director or advisors and to purchase or otherwise acquire stocks, bonds, securities, and other investments on behalf of the Corporation; and to sell, transfer, or otherwise dispose of the Corporation's assets and properties at a time and for a consideration that the advisor deems appropriate. Each transaction (purchase, redeem, transfer) from the Corporation's investment accounts or reserve funds must be approved in advance by the Board of Directors or the Executive Committee, or their authorized officer designee. The individuals serving on the Board of Directors or the Executive Committee have no liability for actions taken or omitted by the advisor if the Board of Directors or Executive Committee acts in good faith and with ordinary care in selecting and monitoring the advisor. The Board of Directors or the Executive Committee may remove or replace the advisor, with or without cause.

4.19. Actions of Board of Directors. The Board of Directors shall try to act by consensus. However, the vote of a majority of Directors present and voting at a meeting at which a quorum is present shall be sufficient to constitute the act of the Board of Directors unless the act of a greater number is required by law or the Bylaws. A Board member who is present at a meeting and abstains from a vote is considered to be present and voting for the purpose of determining the decision of the Board of Directors.

4.20. No Proxy Voting. A Board member shall not vote by proxy.

4.21. Compensation. Board members may not receive salaries for their services as a Director. A Director or member may serve the Corporation in any other capacity and receive compensation for those services. A Director or member may be reimbursed expenses incurred by the person to attend a Corporation's meeting or for performing any other act for the Corporation. The Board of Directors shall have the sole discretion to permit reimbursement or compensation of any Director or member as permitted herein, and the determination of the Board shall be final and binding.

4.22. Removal of Directors. The Board of Directors may vote to remove a Director at any time, with or without good cause. A meeting to consider the removal of a Director may be called with notice to the Board members. The notice of the meeting shall state that the issue of possible removal of the Director will be on the agenda. A Director may be removed by the affirmative vote of a majority of the Board of Directors at a meeting in which a quorum is present.

4.23. Advisory Guests. The Board of Directors may invite advisory guests as they see fit. The Advisory Guests shall not have a vote, but when invited, may attend Board of Directors meetings and participate in the discussion like the regular directors. Similarly, "Past President" is an honorary term only. In all other respects the Past Presidents may be members, and if in good standing, are eligible for holding any elected position. Past Presidents will not be nominated for a Board position for two (2) years after serving as ADSC president.

## **ARTICLE 5** **OFFICERS**

5.01. Officer Positions and Terms. Officers of the Corporation shall be a president, a secretary, a treasurer and at least one vice president, which shall be appointed from the members of the Board of Directors. Only Contractor Members shall be officers of the Corporation, unless the Board of Directors determines or approves otherwise by resolution. The Board of Directors may create additional officer positions, define the authority and duties of each such position, and elect or appoint persons to fill the positions. The same person, except the offices of president and secretary, may hold any two or more offices. The Corporation generally appoints one individual to fill the offices of secretary and treasurer, but the Corporation is not limited to such appointment. The Board of Directors may approve or appoint additional assistant officers as appropriate.

5.02. General Duties. All officers and agents of the Corporation, as between themselves and the Corporation, shall have such authority, perform such duties, and manage the Corporation as may be provided in these Bylaws or as may be determined by resolution of the Board of Directors not inconsistent with these Bylaws.

5.03. Election and Term of Office. The Board of Directors at its Annual Meeting shall elect officers of the Corporation. This election should take place immediately following the annual meeting of the members, or as soon thereafter as conveniently possible. If the election of officers is not held at this meeting, the election shall be held as soon thereafter as conveniently possible. The term for an officer shall be one year, although each officer will hold his or her office until a successor is duly selected. An officer may be elected to succeed himself or herself in the same office for an additional one-year term. An individual may be re-elected to an officer position only after the individual takes a leave of absence for at least one year from all offices of the Corporation. Executive Committee Members shall serve a six (6) year term beginning from the election date of the Board of Directors at an Annual meeting. This term is in addition to the Directors term stated above. The Board of Directors, at an annual meeting, may reduce the term of any Executive Committee Member by at least a two-thirds (2/3) vote of the directors present at the meeting at which a quorum is present.

5.04. Removal. The Board of Directors, with or without good cause, may remove any officer elected or appointed by the Board of Directors. The removal of an officer shall be without prejudice to the contract rights, if any, of the officer.

5.05. Resignation. Any officer may resign at any time by giving written notice to the Board of Directors, the president, or the secretary. Such resignation shall take effect at the time specified in the notice, and, unless otherwise specified in the notice, the acceptance of such resignation shall not be necessary to make it effective. Such resignation shall be without prejudice to the contract rights, if any, of the Corporation.

5.06. Vacancies. The Board of Directors may fill the vacancy in any office for the unexpired portion of that officer's term.

5.07. President. The President shall be a member of the Board of Directors. The President's administrative powers and supervision may be delegated to the Executive Director of the Corporation as set forth herein below, or other administrative personnel. The President shall

supervise and control all of the business and affairs of the Corporation. The President shall preside at all meetings of the Board of Directors. The President shall authorize and approve for the Executive Director to execute any deeds, mortgages, bonds, contracts, or other instruments that the Board of Directors has authorized to be executed. However, the President may not execute instruments on behalf of the Corporation if this power is expressly delegated to another officer or agent of the Corporation by the Board of Directors, the Bylaws, or statute. The president shall perform other duties prescribed by the Board of Directors and all duties incident to the office of president. The president will be elected for a term of one year by the Board of Directors at the Annual Board Meeting, and shall be eligible for re-election for one additional twelve-month period. There is no required succession of prior office to be nominated for president.

5.08. Vice President. When the president is absent, is unable to act, or refuses to act, a vice president may perform the duties of the president. When a vice president acts in place of the president, the vice president shall have all the powers of and be subject to all the restrictions upon the president. If there is more than one vice president, the vice presidents shall act in place of the president in the order of the votes received when elected. A vice president shall perform other duties as assigned by the president or Board of Directors.

5.09. Treasurer. The treasurer shall oversee and be responsible for:

(a) the custody of and responsibility for all funds and securities of the Corporation, and shall have charge and the authority to authorize the Executive Director such responsibility to deposit and/or withdraw funds as required for ADSC business activities.

(b) The Executive Director and/or authorized staff member to receive and give receipts for moneys due and payable to the Corporation from any source.

(c) The Executive Director and/or authorized staff member to deposit all moneys in the name of the Corporation in banks, trust companies, or other depositories as provided in the Bylaws or as directed by the Board of Directors or the president.

(d) The Executive Director and/or authorized staff member to write checks and disburse funds to discharge obligations of the Corporation.

(e) The Executive Director and/or authorized staff member to maintain the financial books and records of the Corporation.

(f) The Executive Director and/or authorized staff member to prepare financial reports at least annually.

(g) The Executive Director and/or authorized staff member to perform other duties as assigned by the President or by the Board of Directors.

(h) If required by the Board of Directors, give a bond for the faithful discharge of his or her duties in a sum and with a surety as determined by the Board of Directors, with the expense of the bond to be borne by the Corporation.

(i) The Executive Director and/or authorized staff member to prepare a Financial Statement of the Corporation which shall be made available monthly by the Treasurer to the Board of Directors. An audit by a Certified Public Accountant (CPA) selected by the Board of Directors may be performed at the direction and discretion of the Board at any given time. The Board shall approve, annually, the CPA for tax remittances and to produce the audited annual financial statements.

(j) Upon ceasing to hold office, the Treasurer shall surrender to his/her successor in office when qualified, or to such other persons as shall be designated by the Board of Directors, all monies, books, papers, and other properties of the Corporation.

(k) Performing all duties incident to the office of treasurer.

5.10. Secretary. The secretary shall oversee and be responsible for:

(a) The provision of notices as provided in the Bylaws or as required by law, which may be accomplished through delegation to the Executive Director or other authorized member of the Corporation's staff.

(b) The taking of minutes of the meetings of the members and of the Board of Directors and to ensure minutes are kept as part of the corporate records.

(c) To ensure the Corporation, by the Executive Director or other staff, maintain custody of the corporate records and of the seal of the Corporation.

(d) The Executive Director shall affix the seal of the Corporation to all documents as authorized and where required.

(e) The Corporation's maintenance of a register of mailing addresses of each Director, officer, and employee of the Corporation.

(f) Such other duties assigned by the President or by the Board of Directors.

(g) Performing all duties incident to the office of secretary.

5.11. Executive Director. The Board of Directors may appoint an Executive Director to perform active administration of the Corporation under the direction and supervision of the Board of Directors.

(a) Candidates for the position of Executive Director shall be sought by the President and a search committee comprised of the Executive Committee.

(b) Final selection of this nominee shall be subject to the approval of a two-thirds (2/3) vote of the Board of Directors.

(c) The Executive Director shall be paid reasonable compensation, based on

market-comparable data assembled by a third-party consultant, and shall carry out the duties prescribed by the Executive Committee and/or Board of Directors.

(d) The Board of Directors, or appropriate officers of the Board shall advise the Executive Director to send notices of meetings, submit to the Board of Directors nominations to fill vacancies, and distribute ballots for voting. The Executive Director shall attend all Annual and Special meetings of the members and of the Board of Directors, and may tabulate the results of all voting, unless a conflict of interest exists with respect to the issues upon which votes are cast. The Executive Director shall not be entitled to vote.

(e) The duties and compensation of the Executive Director shall be determined by the Executive Committee. The decision for termination of the Executive Director shall be made by the President or the Executive Committee, but must be ratified by a two-thirds (2/3) vote of the Board of Directors at a meeting called for, but perhaps not limited to, that purpose.

5.12. Disallowed Payments. Any payments made to an officer of the Corporation, such as an expense reimbursement incurred by the officer, which is disallowed in whole or in part as an acceptable expense by the Internal Revenue Service (“IRS”), shall be reimbursed by such officer to the Corporation to the full extent of such disallowance. It shall be the duty of the Directors, as a Board, to enforce payment of each such amount disallowed.

## **ARTICLE 6** **COMMITTEES**

6.01. Establishment of Committees. The Board of Directors, by resolution adopted by the majority of the Directors at a meeting at which a quorum is present, or the President, may designate and appoint one or more committees other than the Approved Technology Committees or Proposed Technology Committees delegating specified authority to the committee, and appoint or remove members of a Committee. The Board of Directors shall have final authority on approval of any committees other than the Approved Technology Committees or Proposed Technology Committees appointed or formed by the President.

The President, Executive Director or authorized representative of the Executive Director, shall be non-voting, *ex-officio* members of all committees; provided, however, neither the Executive Director nor any representative of the Executive Director shall be a voting member of the Executive Committee for any matter or of any other committee constituted by the Board to address, investigate, or evaluate Executive Director employment, performance, or related matters, and the Executive Director or his or her authorized representative shall not be entitled to receive notice of such meetings.

If the Board of Directors delegates any of its corporate management authority to a committee, the majority of the committee shall consist of Directors. The Board of Directors may establish qualifications for membership on a committee. The Board of Directors may delegate to the President or the Executive Director its power to appoint and remove members of a committee that has not been delegated any authority of the Board of Directors.

The establishment of a committee or the delegation of authority to it shall not relieve the Board of Directors, or any individual Director, of any responsibility imposed by the Bylaws or otherwise imposed by law.

No committee shall have the authority of the Board of Directors to:

- (a) Amend the Certificate of Formation or Articles of Incorporation;
- (b) Adopt a plan of merger or a plan of consolidation with another corporation;
- (c) Authorize the sale, lease, exchange, or mortgage of all or substantially all of the property and assets of the Corporation;
- (d) Authorize the voluntary dissolution of the Corporation;
- (e) Revoke proceedings for the voluntary dissolution of the Corporation;
- (f) Adopt a plan for the distribution of the assets of the Corporation;
- (g) Amend, alter, or repeal the Bylaws;
- (h) Elect, appoint, or remove a Director or officer of the Corporation;
- (i) Approve any transaction to which the Corporation is a party and that involves a potential conflict of interest as defined in paragraph 7.05, below; and
- (j) Take any action outside the scope of authority delegated to it by the Board of Directors.

6.02. Executive Committee. The President, Secretary, Treasurer, and one (the first) Vice President, the Chairperson of the Associate Members Committee shall constitute the Executive Committee of the Board of Directors, which, unless determined otherwise by the Board of Directors, shall be empowered to exercise the power of the Board of Directors between meetings of the Board of Directors, provided that at least a majority of the Executive Committee are Directors. The Immediate Past President and Executive Director (appointed pursuant to section 5.11 above) are non-voting guests of the Executive Committee. Each voting member of the committee shall be entitled to one (1) vote on matters addressed by the committee. One specific and regular duty of the Executive Committee will be the preparation of the proposed annual budget.

6.03. Budget Committee. Each year the Executive Committee shall serve as the Budget Committee and recommend budgets for the Corporation for the approval of the Board of Directors at its Annual Meeting. The Board of Directors shall not obligate the Corporation in excess of its total budget without the approval of the members of the Corporation; provided, however, that the Board of Directors, by unanimous vote, may make appropriations from surplus to defray emergency expenses.

6.04. Approved Technology Committee: The Executive Committee is empowered to propose new technologies for approval by the Board of Directors. Should the new technology committee be approved by the Board of Directors, it shall be placed for a vote of the Contractor members.

6.05. Term of Office. Each member of a committee shall continue to serve on the committee until a successor is appointed or the committee is terminated. However, the term of a committee member may terminate earlier if the member dies, ceases to qualify, resigns, or is removed as a member. A vacancy on a committee may be filled by an appointment made in the same manner as an original appointment. A person appointed to fill a vacancy on a committee shall serve for the unexpired portion of the terminated committee member's term.

6.06. Chair and Vice-Chair. One member of each committee shall be designated as the Chair of the committee and another member of each committee shall be designated as the Vice-Chair. The Chair and Vice-Chair of each ADSC open committee shall be elected every three (3) years at the annual meeting. In order to be eligible to vote for the Chair and Vice-Chair of any committee, one must be a voting member of that committee. The cote shall be conducted by the President. Prior to any such election, the election shall be publicized in Foundation Drilling and by emails. The term of each Chair and Vice-Chair shall be three (3) years with eligibility to be re-elected for an infinite number of terms. The Secretary, who must be a member of the committee, shall be approved by the Chair. The Chair shall call and preside at all meetings of the committee. When the Chair is absent, is unable to act, or refuses to act, the Vice-Chair shall perform the duties of the Chair. When a Vice-Chair acts in place of the Chair, the Vice-Chair shall have all the powers of and be subject to all the restrictions upon the Chair.

6.07. Notice of Meetings. Written or printed notice of a committee meeting shall be delivered to each member of a committee not less than ten (10) days before the date of the meeting. The notice shall state the place, day, and time of the meeting, and the purpose or purposes for which the meeting is called.

6.08. Quorum. One half of the number of members of a committee shall constitute a quorum for the transaction of business at any meeting of the committee. The committee members present at a duly called or held meeting at which a quorum is present may continue to transact business even if enough committee members leave the meeting so that less than a quorum remains. However, no action may be approved without the vote of at least a majority of the number of committee members required to constitute a quorum. If a quorum is present at no time during a meeting, the chair may adjourn and reconvene the meeting one time with notice.

6.09. Actions of Committees. Committees shall try to take action by consensus. Voting membership rights are accorded to each ADSC member who has attended at least two of the previous four meetings of that committee. However, the vote of a majority of committee members present and voting at a meeting at which a quorum is present shall be sufficient to constitute the act of the committee unless the act of a greater number is required by law or the Bylaws. A committee member who is present at a meeting and abstains from a vote is considered to be present and voting for the purpose of determining the act of the committee.

6.10. Proxies. A committee member may vote by proxy executed in writing by the

committee member. No proxy shall be valid after eleven (11) months from the date of its execution.

6.11. Compensation. Committee members may not receive salaries for their services. The Board of Directors may adopt a resolution providing for payment to committee members of expenses of attendance, if any, for attendance at each meeting of the committee.

6.12. Rules. Each committee may adopt rules for its own operation not inconsistent with the Bylaws or with rules adopted by the Board of Directors.

## **ARTICLE 7** **TRANSACTIONS OF THE CORPORATION**

7.01. Contracts. The Board of Directors may authorize any officer or agent of the Corporation to enter into a contract or execute and deliver any instrument in the name of and on behalf of the Corporation. This authority may be limited to a specific contract or instrument or it may extend to any number and type of possible contracts and instruments.

7.02. Deposits. All funds of the Corporation shall be deposited to the credit of the Corporation in banks, trust companies, or other depositories that the Board of Directors selects.

7.03. Gifts. The Board of Directors may accept on behalf of the Corporation any contribution, gift, bequest, or devise for the general purposes or for any special purpose of the Corporation.

7.04. Loans and Related Parties. The Corporation shall not make any loan to a Director, officer of the Corporation, Executive Director, employee or any other person or entity.

7.05. Affiliated Transactions. No contract or transaction between the Corporation and one or more of its Directors or officers, or between the Corporation and any other corporation, partnership or association or other organization in which one or more of its Directors or officers are Directors or officers, or have a financial interest, shall be void or voidable solely for this reason, if:

- (a) The material facts concerning the financial interests are disclosed to the Board of Directors or committee and the Board of Directors or committee authorizes the contract or transaction by the affirmative vote of a majority of the disinterested Directors or committee members;
- (b) The contract or transaction is fair to the Corporation at the time of the approval. Nothing herein shall prevent retroactive approval of a transaction; or
- (c) The interested Director or committee member that is present may be counted towards a quorum for purposes of voting on the contract or transaction. The interested Director or committee member may participate in the discussion of the matter, but may not vote.

7.06. Prohibited Acts. As long as the Corporation is in existence, and except with the

prior approval of the Board of Directors no Director, officer, committee member, Executive Director, or employee of the Corporation shall:

- (a) Do any act in violation of the Bylaws or a binding obligation of the Corporation.
- (b) Do any act with the intention of harming the Corporation or any of its operations.
- (c) Do any act that would make it impossible or unnecessarily difficult to carry on the intended or ordinary business of the Corporation.
- (d) Receive an improper personal benefit from the operation of the Corporation.
- (e) Use the assets of this Corporation, directly or indirectly, for any purpose other than carrying on the business of this Corporation.
- (f) Wrongfully transfer or dispose of Corporation property, including intangible property such as good will.
- (g) Use the name of the Corporation (or any substantially similar name) or any trademark or trade name adopted by the Corporation, except on behalf of the Corporation in the ordinary course of the Corporation's business.
- (h) Disclose any of the Corporation business practices, trade secrets, or any other information not generally known to the business community to any person not authorized to receive it.

## **ARTICLE 8** **BOOKS AND RECORDS**

8.01. Required Books and Records. The Corporation shall keep correct and complete books and records of account. The Corporation's books and records shall include:

- (a) A file-endorsed copy of all documents filed with the Texas Secretary of State relating to the Corporation, including, but not limited to, the Articles of Incorporation, and any articles of amendment, restated articles, articles of merger, articles of consolidation, and statement of change of registered office or registered agent.
- (b) A copy of the Bylaws, and any amended versions or amendments to the Bylaws.
- (c) Minutes of the proceedings of the Board of Directors, and Committees having any of the authority of the Board of Directors.
- (d) A list of the names and addresses of the Directors, officers, and any committee members of the Corporation.
- (e) A financial statement showing the assets, liabilities, and net worth of the Corporation at the end of the three most recent fiscal years.

(f) A financial statement showing the income and expenses of the Corporation for the most recent fiscal years.

(g) All rulings, letters, and other documents relating to the Corporation's federal, state, and local tax status.

(h) The Corporation's federal, state, and local information or income tax returns for each of the Corporation's three most recent tax years.

8.02. Inspection and Copying. A Director, officer or member of the Corporation may inspect and receive copies of books and records of the Corporation. A Director, officer or member may inspect or receive copies if the person has a proper purpose related to the person's interest in the Corporation and if the person submits a request in writing stating the proper purpose. As allowed under applicable law, and to protect the interests of the Corporation, and as a condition precedent to any inspection or copying of confidential, proprietary, or trade secret books and records, the Corporation shall have the right to require that the person requesting the records execute a Nondisclosure or Confidentiality Agreement relating to the nondisclosure of the books and records inspected or copied. Subject to the protection of the Corporation's interests in preventing the disclosure of confidential, proprietary or trade secret books and records, a person entitled to inspect the Corporation's books and records may do so at a reasonable time no later than required by Internal Revenue Regulation after the Corporation's receipt of a proper written request. The Board of Directors may establish reasonable fees and policies for copying the Corporation's books and records. The fees may cover the cost of materials and labor, but may not exceed the Internal Revenue Service guidelines for providing copies. The Internal Revenue Service requires that copies be made available to the legitimate, requesting public. The Corporation shall receive and respond as required by Internal Revenue Service guidelines to requests from the public for copies of the Corporation's Form 1024 and Forms 990. The Corporation shall maintain a file containing all documents required by the Internal Revenue Service to be made available to the public.

## **ARTICLE 9** **FISCAL YEAR**

The fiscal year of the Corporation shall begin on January 1 and end December 31 of each year, unless determined otherwise by the Board of Directors.

## **ARTICLE 10** **INDEMNIFICATION**

The Corporation shall indemnify a director, officer, committee member, employee, or agent of the Corporation who was, is, or may be named defendant or respondent in any proceeding as a result of his or her actions or omissions within the scope of his or her official capacity in the Corporation, and such indemnification shall be to the maximum extent allowed by the Act or other applicable law. The Corporation shall have the power to purchase and maintain at its expense, insurance on behalf of such person to the fullest extent permitted by applicable law. Not by limitation, the Corporation provides further as follows:

10.01. When Indemnification is Required, Permitted, and Prohibited.

(a) As provided in this Article 10, the Corporation shall indemnify a director, officer, committee member, employee, or agent (including any officer or director of a Chapter organizations while acting as authorized agent for the Corporation) of the Corporation who was, is, or may be named defendant or respondent in any proceeding as a result of his or her actions or omissions within the scope of his or her official capacity in the Corporation, and such indemnification shall be to the maximum extent allowed by the Actor other applicable law. For the purposes of this article, an agent includes one who is or was serving at the request of the Corporation as a director, officer, partner, venturer, proprietor, trustee, partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise. However, the Corporation shall indemnify a person only if he or she acted in good faith and reasonably believed that the conduct was in the Corporation's best interests. In a case of a criminal proceeding, the person may be indemnified only if he or she had no reasonable cause to believe that the conduct was unlawful. The Corporation shall not indemnify a person who is found liable for willful or intentional misconduct in the performance of the person's duty to the Corporation; breach of the person's duty of loyalty owed to the Corporation; or an act or omission not committed in good faith that constitutes a breach of a duty owed by the person to the Corporation. A person is conclusively considered to have been found liable in relation to any claim, issue, or matter if a court of competent jurisdiction has adjudged the person liable and all appeals have been exhausted.

(b) The termination of a proceeding by judgment, order, settlement, conviction, or on a plea of nolo contendere or its equivalent does not necessarily preclude indemnification by the Corporation.

(c) Notwithstanding any other provision of this Article 10, the Corporation shall pay or reimburse expenses incurred by a Director, officer, committee member, employee, or agent of the Corporation in connection with the person's appearance as a witness or other participation in a proceeding involving or affecting the Corporation when the person is not a named defendant or respondent in the proceeding.

(d) In addition to the situations otherwise described in this paragraph, the Corporation may indemnify a Director, officer, committee member, employee, or agent of the Corporation to the extent permitted by law. However, the Corporation shall not indemnify any person in any situation in which indemnification is prohibited by the terms of paragraph 10.01(a), above.

(e) Before the final disposition of a proceeding, the Corporation may pay indemnification expenses permitted by the Bylaws and authorized by the Corporation. However, the Corporation shall not pay indemnification expenses to a person before the final disposition of a proceeding if: the person is a named defendant or respondent in a proceeding brought by the Corporation or the person is alleged to have improperly received a personal benefit or committed other willful or intentional misconduct.

(f) If the Corporation determines that it will indemnify a person under the Bylaws, the person may be indemnified against judgments, penalties, including excise and similar taxes, fines, settlements, and reasonable expenses (including attorney's fees) actually incurred in connection with the proceeding. However, if the proceeding was brought by or on behalf of the Corporation, the indemnification is limited to reasonable expenses actually incurred by the

person in connection with the proceeding.

10.02. Procedures for Indemnification to Governing and Non-Governing Persons.

(a) Before the Corporation may pay any indemnification expenses (including attorney's fees), the Corporation shall specifically determine that indemnification is permissible, authorize indemnification, and determine that expenses to be reimbursed are reasonable, except as provided in paragraphs 10.02(b) and 10.02(c), below. The Corporation may make these determinations and decisions by any one of the following procedures:

(i) Majority vote of the Directors who, at the time of the vote, are disinterested and independent, regardless of whether the number of Directors who are disinterested and independent constitute a quorum;

(ii) A majority vote of a committee authorized by the Board of Directors if the committee:

A. is designated by a majority vote of the Directors who at the time of the vote are disinterested and independent, regardless of whether the governing persons who are disinterested and independent constitute a quorum; and

B. is composed solely of one or more Directors who are disinterested and independent.

(iii) Special legal counsel selected by the Board of Directors, or selected by a committee of the Board of Directors, by vote in accordance with paragraph 10.02(a)(i) or 10.02(ii)(A)-(B).

(b) If special legal counsel determines under paragraph 10.01, above, that a person meets the standard under paragraph 10.01(a), the special legal counsel shall determine whether the amount of expenses other than a judgment is reasonable under paragraph 10.01 but may not determine whether indemnification should be paid under paragraph 10.01. The determination whether indemnification should be paid must be made in a manner specified by paragraphs 10.02(a)(i) or 10.02(a)(ii).

(c) Notwithstanding the previous sentence, the determination of the reasonableness of the expenses to be paid must be made in a manner provided by paragraph 10.02(a)(i), (ii) or (iii).

(d) The Corporation may pay or reimburse reasonable expenses incurred by a present Director, other governing person or delegate thereof of the Corporation (a "Governing Person") who was, is, or is threatened to be made a respondent in a proceeding in advance of the final disposition of the proceeding without making the determinations required under paragraph 10.01(a) after the Corporation receives:

(i) a written affirmation by the person of the person's good faith belief that the person has met the standard of conduct necessary for indemnification under article 10; and

(ii) a written undertaking by or on behalf of the person to repay the amount paid or reimbursed if the final determination is that the person has not met that standard or that indemnification is prohibited by paragraph 10.01(a).

(e) A provision contained in the Certificate of Formation, the Bylaws, a resolution of the Members or Board of Directors, or an agreement that requires the payment or reimbursement permitted under paragraph 10.02(d) shall be necessary to authorize the payment or reimbursement after the Corporation receives an affirmation and undertaking described by paragraph 10.02(d)(i)-(ii).

(f) The written undertaking required by paragraph 10.02(d)(ii) must be an unlimited general obligation of the person but need not be secured and may be accepted by the Corporation without regard to the person's ability to make repayment.

(g) The Corporation may indemnify and advance expenses to a person who is not a Governing Person, including an officer, employee, or agent, as provided by the Corporation's governing documents; general or specific action of the Corporation's Board of Directors; resolution of the Corporation's members (if the issue of indemnification is submitted for a member vote); contract; or common law. The Corporation shall indemnify an officer to the same extent that indemnification is required under this Article 10 for a Director. A person who is not a Governing Person may seek indemnification or advancement of expenses from the Corporation to the same extent that a Governing Person may seek indemnification or advancement of expenses under this Article 10. Notwithstanding any authorization or determination specified in this Article 10, the Corporation may pay or reimburse, in advance of the final disposition of a proceeding and on terms the Corporation considers appropriate, reasonable expenses incurred by a former managerial official or delegate, or a present or former employee or agent, of the Corporation who was, is, or is threatened to be made a respondent in the proceeding. A determination of indemnification for a person who is not a Governing Person of the Corporation, including an officer, employee, or agent, is not required to be made in accordance with paragraph 10.02(a).

## **ARTICLE 11** **NOTICES**

11.01. Notices. Any notice required or permitted by the Bylaws to be given to a Director, officer, committee member, or member of the Corporation may be given in any manner allowed by the Act, including by electronic communications (such as email) designated by the person for receiving official communications from the Corporation. Notice of a meeting that is: (1) mailed is considered to be given on the date notice is deposited in the United States mail with postage paid in an envelope addressed to the person at the person's address as it appears on the membership records of the Corporation; and (2) transmitted by facsimile or electronic message is considered to be given when the facsimile or electronic message is transmitted to a facsimile number or an electronic message address provided by the person, or to which the person consents, for the purpose of receiving notice or official communications from the Corporation. If notice is served by facsimile or electronic message, the person giving notice shall retain any records produced showing actual delivery to the appropriate number or electronic message address. A person may designate his or her preferred notice method and shall provide all necessary information regarding

the same by giving written notice to the Secretary of the Corporation. Without a preference designation, the person serving the notice may give notice by any reasonable means authorized by the Act or these Bylaws.

11.02. Signed Waiver of Notice. Whenever any notice is required to be given under the provisions of the Act or under the provisions of the Certificate of Formation or the Bylaws, a waiver in writing signed by a person entitled to receive a notice shall be deemed equivalent to the giving of the notice. A waiver of notice shall be effective whether signed before or after the time stated in the notice being waived.

11.03. Waiver of Notice by Attendance. The attendance of a person at a meeting shall constitute a waiver of notice of the meeting unless the person attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

## **ARTICLE 12** **SPECIAL PROCEDURES CONCERNING MEETINGS**

12.01. Meeting by Electronic Means. The Board of Directors may hold a meeting by using a conference telephone or similar communications equipment, or another suitable electronic communications system, including videoconferencing technology or the Internet, or any combination, if the telephone or other equipment or system permits each person participating in the meeting to communicate concurrently with all other persons participating in the meeting. Any committee of the Corporation may hold a meeting by using a conference telephone or similar communications equipment, if the telephone or other equipment or system permits each person participating in the meeting to communicate concurrently with all other persons participating in the meeting. The notice of a meeting by electronic means conference must state the fact that the meeting will be held by electronic means as well as all other matters required to be included in the notice. Participation of a person in a conference call meeting constitutes presence of that person at the meeting.

12.02. Voting by Proxy. A person who is authorized to exercise a proxy may not exercise the proxy unless the proxy is delivered to the officer presiding at the meeting before the business of the meeting begins. The Secretary or other person taking the minutes of the meeting shall record in the minutes the name of the person who executed the proxy and the name of the person authorized to exercise the proxy. If a person who has duly executed a proxy personally attends a meeting, the proxy shall not be effective for that meeting. A proxy filed with the secretary or other designated officer shall remain in force and effect until the first of the following occurs:

- (a) An instrument revoking the proxy is delivered to the secretary or other designated officer.
- (b) The proxy authority expires under the terms of the proxy.
- (c) The proxy authority expires under the terms of the Bylaws.

**ARTICLE 13**  
**AMENDMENTS TO BYLAWS**

Proposed amendments or alterations to or repeals of these By-Laws, if recommended by twenty percent (20%) or more of the Corporate Members in good standing or by the Board of Directors, shall be referred to the Corporation for action or adoption either at a meeting, or by letter ballot, and shall become operative when approved by three-fourths (3/4) vote of the Corporate Members that cast votes at a meeting of the members in which a quorum is present. Notice of any approved amendments shall be provided to the members. The notice of any meeting at which the Bylaws are to be altered, amended, or repealed, or at which new Bylaws are adopted shall include the text of the proposed Bylaw provisions or an identification of where such provisions may be reviewed, such as a web-link or the like. Alternatively, the notice may include a fair summary of those provisions.

**ARTICLE 14**  
**MISCELLANEOUS PROVISIONS**

14.01. Legal Authorities Governing Construction of Bylaws, Venue. The Bylaws shall be construed in accordance with the laws of the State of Texas. All references in the Bylaws to statutes, regulations, or other sources of legal authority shall refer to the authorities cited, or their successors, as they may be amended from time to time. Any legal proceeding or dispute arising from or related to these Bylaws or by or between members, Board members, committee members, or officers and arising from or related to these Bylaws shall be enforced in a court of competent jurisdiction in Dallas County, Texas, which shall constitute the county of mandatory venue for such proceedings or disputes. All interested persons waive the right, if any, to remove to a federal court, any legal proceeding arising from or related to these Bylaws.

14.02. Legal Construction. If any Bylaw provision is held to be invalid, illegal, or unenforceable in any respect, the invalidity, illegality, or unenforceability shall not affect any other provision and the Bylaws shall be construed as if the invalid, illegal, or unenforceable provision had not been included in the Bylaws.

14.03. Headings. The headings used in the Bylaws are used for convenience and shall not be considered in construing the terms of the Bylaws.

14.04. Gender. Wherever the context requires, all words in the Bylaws in the male gender shall be deemed to include the female or neuter gender, all singular words shall include the plural, and all plural words shall include the singular.

14.05. Seal. The Board of Directors may provide for a corporate seal.

14.06. Power of Attorney. A person may execute any instrument related to the Corporation by means of a power of attorney if an original executed copy of the power of attorney is provided to the Secretary of the Corporation to be kept with the Corporation records.

14.07. Parties Bound. The Bylaws shall be binding upon and inure to the benefit of the Directors, officers, committee members, employees, and agents of the Corporation and their

respective heirs, executors, administrators, legal representatives, successors, and assigns except as otherwise provided in the Bylaws.

**ARTICLE 15**  
**DISSOLUTION**

15.01. Upon dissolution, all Corporation assets shall be distributed to an organization qualified as exempt from taxes under Section 501(c)(6) of the Internal Revenue Code of 1986, as amended (hereinafter the "Code"), that serves similar purposes as the Corporation.