CONSTITUTION AND BY-LAWS

of the

Texas Sheep & Goat Raisers' Association

Article I. Name and Location

The name of this Association shall be The Texas Sheep & Goat Raisers' Association, Inc. (the Association). The headquarters of the Association is located in San Angelo, Texas.

Article II. Mission

To promote the sheep and goat industry in Texas.

Article III. Board of Directors

Section 3.01. Director Types

The Association's Board of Directors (the Board) shall have two types of directors: (1) Regular Director; and (2) Honorary Director for Life.

(a) **Regular Directors**: Only active members in good standing with the Association are eligible to serve as Regular Directors.

(b) **Honorary Directors for Life**: Members who have served long and faithfully as Regular Directors, but due to age or health problems have become less active, may be elevated to be Honorary Directors for Life. Honorary Directors for Life are entitled to vote at all meetings but are not subject to any other requirement in this Article.

Section 3.02. Board of Directors' Duties and Powers

The Board will control, manage, and operate the Association's business and affairs. It may delegate its authority as it sees fit to the Executive Committee, the Officers, Executive Secretary, or employees of the Association. It will approve a budget for the ensuing fiscal year. It must ensure that a proper accounting system is installed and kept according to generally accepted accounting practices. It shall do all things that are, or may become necessary, to be done in the proper transaction of the business of the Association. It shall make all necessary rules and regulations consistent with law or these By-Laws for the management of its business and the guidance of its officers, employees, and agents. It shall adopt its own order of business. The Association Executive Secretary shall be a non-voting member of the Board.

Section 3.03. Executive Committee

The Board hereby delegates the day-to-day management and operation of the Association to an Executive Committee. The Executive Committee members are the Association's Officers and

two active members in good standing with the Association who are appointed by the President. The Association Executive Secretary shall be a non-voting member of the Executive Committee. The Executive Committee may create or dissolve (except for the Executive and Nominating Committees) any committee necessary to help it manage and operate the Association as well as to carry out the Association's Mission. The Executive Committee may hold as many meetings as it deems necessary to fulfill its delegated authority. The President, or its delegate, must send seven-days' notice for any Executive Committee meeting, unless an emergency exists. If an emergency exists, the President may send any kind of notice necessary to ensure a quorum is established. For an Executive Committee meeting, the required notice for a meeting may be sent through e-mail, facsimile, first class mail. A quorum of three Executive Committee members is necessary for any meeting to be official. A majority vote of the Executive Committee members attending any meeting is required to pass any action taken by the Executive Committee. An Executive Committee member may participate in any meeting via telephone, video conferencing, or any other modern communication method enabling the Executive Committee member to participate in real-time. Any Director may attend an Executive Committee Meeting but cannot vote on any matter taken up by the Executive Committee. The Executive Committee reserves the right to go into Executive Session to discuss pending litigation, any employer/employee relationship issue, or any other matter the law or these By-Laws requires confidentiality. The Executive Committee may hire or terminate the Executive Secretary as may be necessary and consistent with the law and these By-Laws.

Section 3.04. Director's Term of Service

Each Director shall serve one term from July 1st through the next June 30th of each year.

Section 3.05. Association Districts

The Association is divided into 11 districts for the entire State of Texas. The Board, from time to time, shall determine each District's boundary. Each District shall hold at least one meeting, excluding any District Meeting held at the Association's Annual Meeting, per fiscal year.

Section 3.06. Director Elections at District Meetings

The Directors shall be elected at an officially sanctioned District Meeting as follows:

(a) Each District shall be entitled to elect: (1) one Director for every 100 members, or majority fraction thereof, residing within each District; and (2) one Director for each $1000, or major fraction thereof, in dues paid into the Association from members residing in that District. To calculate the number of members residing within and the amount of dues paid by each District, the Association shall use a two-year rolling average for each District. The number of Directors to be elected shall be governed by information and records on file in the Association office at the close of the preceding fiscal year.

(b) If there is a District with less than a two-year average of 100 members, that District is entitled to one Director.

(c) If a District does not elect Directors, a caucus of the members present at the Annual Meeting shall hold an election for Directors.

(d) A Member can vote in the District indicated by that Member's address on file in the Association office unless the Member notifies the Association in writing to use a different address. Each Member can vote in one District only.

(e) The Officers and all Past Presidents also are members of the Board.

Section 3.07. Board Meetings

(a) **Regular Meetings**: The Board must hold regular semi-annual meetings at such places and at such times as it designates.

(b) **Special Meetings**: The Board may hold a Special Meeting at any time as requested by the President or at least 15 Directors. The Board may transact all business at a Special Meeting. Each person entitled to request a special meeting shall make it in writing, sign it, and deliver it to the Executive Secretary. Each request also must state a proposed time and place of the Special Meeting. The President has the sole authority to schedule a properly-requested Special Meeting so long as it is at a reasonable time and place.

(c) **Quorum**: A quorum of any Board Meeting consists of ¼ of the Directors present at the Board Meeting. The Board cannot consider any proxy vote from a Director.

(d) **Minutes**: The Executive Secretary must take the minutes of each Board Meeting. The Board shall vote and approve the minutes from the prior Board Meeting. The President and Executive Secretary shall sign the voted-on and approved minutes of each Board Meeting. The Executive Secretary must keep the voted-on and approved minutes in the Association's corporate book.

(e) **Member Attendance**: Any Association member who is not a Director may attend a Board Meeting but may not vote on any matter taken up by the Board.

(f) **Board Action**: After a quorum is established, any Board action must pass by a majority vote of the Directors present at any Board Meeting.

Section 3.08. Board Meeting Notice

The Executive Secretary must give 10-days' written notice of every Board Meeting. The Executive Secretary must notify each Director at the address on file with Association or in the manner (e.g., a return receipt enabled email, facsimile, or first-class mail) each Director requests to receive notices. At a minimum, the Executive Secretary must notify each Director via first-class mail of any Board Meeting.

Section 3.09. Board Vacancy

The President may fill any Board vacancy with a Member from the District that the vacancy exists.

Section 3.10. Director Attendance and Removal

The President may remove any Director from the Board after a Director misses three consecutive Board Meetings without reasonable excuse. The President must notify the removed-Director in writing, via certified mail, return receipt requested, of the Director's removal from the Board. The President may reinstate the removed-Director upon receiving a letter from the removed-Director indicating intention to attend future meetings.

Section 3.11. Board Meeting Fees

The Association may collect a registration fee from each Director and every member attending a Board Meeting, excluding any Board Meeting held at an Association Meeting.

Article IV. Officers, Officers' Duties, and Nominating Committee

Section 4.01. Officers

The officers of this Association shall consist of a President, a First Vice-President, and a Second Vice-President (collectively the Officers). The Members shall elect the Officers at its Annual Meeting.

Section 4.02. Officers' Duties

(a) **President**: The President presides over the Board, the Executive Committee, and all Association Meetings and Board Meetings. Subject to the decision and the authority delegated by the Executive Committee and the Board, the President's duties include enforcing all Association rules and regulations, ensuring the Association's other officers and employees perform their proper duties, and such other duties as may be reasonably necessary to carry out the functions of President. The President, or its delegate, must prepare and submit an annual budget to the Board at its first meeting following the Annual Meeting.

(b) **Vice-Presidents**: It shall be the duty of the Vice-Presidents to assist the President in the proper transaction of the Association's business, and in the absence of the President, to act in the President's capacity.

Section 4.03. Executive Secretary

The Executive Secretary shall have charge of the ordinary and usual business of the Association. The Executive Secretary shall: (1) keep or cause to be kept minutes of all Association and Board meetings; (2) attest the signature of the President whenever necessary; and (3) perform such other duties as the President, the Executive Committee, or the Board may require consistent with these By-Laws and the law. The Executive Secretary shall work under the direction supervision of the President and the Executive Committee. The Executive Secretary is a non-voting member of the Board and the Executive Committee. The Executive Secretary is the supervisor for any Association employee. The Executive Secretary must seek the Executive Committee's approval to hire or terminate any Association employee. The Executive Secretary cannot approve any Association single-item

expenditure more than $1000 without Executive Committee approval. The Executive Secretary shall serve as the Association's Registered Agent for service of process.

Section 4.04. Officer Terms

The term for each Officer in their elected position is one year. The Members may re-elect an Officer to remain in the same elected position for one additional and consecutive year only. No Member may serve more than two consecutive years in any of the Association's three officer positions. No Member may serve more than six consecutive years cumulatively in any of the Association's three officer positions.

Section 4.05. Succession of Officers

If an Officer dies, resigns, or is unable to serve, the Board, acting through the Nominating Committee, must appoint a new Officer to fill the vacancy.

Section 4.06. Officer Elections

(a) **Nominating Committee**: The President shall appoint up to 11, but not less than 9, Members in good standing with the Association to serve on the Association's Nominating Committee. The Second Vice-President must serve on the Nominating Committee and is the Nominating Committee's presiding officer. The Nominating Committee must meet at least 60 days before the Annual Meeting to begin the process of selecting the next year's proposed slate of Officers (the Slate). The Nominating Committee must select the Slate from Members in good standing with the Association and who hold the necessary leadership skills to be an Officer. The Nominating Committee must present the proposed Slate to the Executive Committee no later than 30 days before the Annual Meeting. The Executive Committee may provide guidance to the Nominating Committee. All Nominating Committee meetings are confidential and can only be attended by its duly appointed members. The Nominating Committee may meet from time to time as necessary to create the Slate.

(b) The Second Vice-President will present the Slate to the Members at the Annual Meeting. The Members elect the Officers at the Annual Meeting.

Article V. Association Members

Section 5.01. Membership Classes

The Association will have four classes of membership: (1) active; (2) affiliate; (3) junior; and (4) honorary.

(a) **Active Member**: Any reputable person interested in the production of sheep or goats shall be entitled to active membership in the Association upon satisfying the requirements stated in these By-Laws and as may be adopted from time to time by the Board.

(b) **Affiliate Member**: Any reputable business, entity, institution, firm or corporation interested in the production of sheep or goats shall be entitled to affiliate membership in the Association upon satisfying the requirements stated in these By-Laws and as may be adopted from time to time by the Board. Affiliate members must designate one person who is a director, officer, shareholder, member, partner, or employee to vote as an Active member and to serve in any executive capacity within the Association. The Affiliate member designee cannot be the same person as an Active member for voting purposes.

(c) **Junior Member**: Any reputable person younger than 18 interested in the production of sheep or goats shall be entitled to junior membership in the Association upon satisfying the requirements stated in these By-Laws and as may be adopted from time to time by the Board. A Junior Member cannot vote on any matter at any Association meeting.

(d) **Honorary Member**: The Association may confer honorary membership upon any person performing signal and distinguished services on behalf of the Association or the sheep and goat industry. To become an honorary member, that person must be nominated, receive two-thirds vote of the Board, and receive a majority vote from the Association membership. The Association will confer any honorary memberships at its annual meeting.

Section 5.02. Association Meetings

(a) **Annual Meeting**: There shall be held annually at such place as may be designated by the Association and at a time selected by the President, a meeting to hear the reports of the officers of the Association and to transact the Association business and to elect the officers of the Association for the ensuing year. The place of such meeting shall be selected by the membership two years in advance. No notice of the annual convention shall be required to be given other than at least 30-days' notice published in the Association's official publication.

(b) **Special Meeting**: Special meetings of the members shall be called at any time by the Executive Secretary upon written request of: (1) the President; (2) a majority of the Board; or 100 Members in good standing with the Association.

(i) Every request for a Special Meeting must state the specific business to be brought before the meeting.

(ii) Calls for a Special Meeting shall specify the time, place, and purpose of the meeting. No other business shall be considered at the Special Meeting.

(iii) Notice of the Special Meeting shall be given not less than 15 or more than 30 days before the date of the meeting by publishing such notice in the Association's official publication.

(c) **Meeting Fees**: The Association may collect a registration fee, as determined by the Executive Committee from time to time, from each Member attending any Association Meeting.

Section 5.03. Quorum

A quorum for any Association Meeting consists of the majority the Members present at a properly-noticed Association Meeting. The Association cannot consider any proxy vote from a Member.

Section 5.04. Voting

Active Members and Affiliate Member designees only are entitled to vote upon any matters or questions pertaining to the Association, its business, or the election of its officers. Each Active Member or Affiliate Member designee is entitled to one vote. All votes must be cast in person. Any two Active members present at a meeting may call for ballots to be cast in writing on any pending question. Before conducting the written vote, the presiding officer must appoint a committee of not less than three tellers to count the votes cast and to report the results. Unless specified elsewhere in these By-Laws, a majority vote of those members entitled to vote is required for any matter or question to be adopted.

Section 5.05. Member Qualifications

Every member must be of good moral character and have demonstrated an active interest in sheep or goats. No person convicted of a felony shall be eligible for membership.

Section 5.06. Member Expulsion

(a) Any member who has been convicted of theft, a crime of moral turpitude, or perjury shall be immediately expelled from this organization. The President of the Association shall notify such member of his expulsion.

(b) Any member whose conduct is deemed detrimental to the principles of the Association may have that member's membership terminated by a vote of a majority of the Association members present at any regular or special Association meeting consistent with these By-Laws and the law. Any motion for expulsion of a member from the Association's membership must have just cause and be made by an Association Director. The Board has the authority to set up hearing procedures on any contested expulsion of membership consistent with these By-Laws and the law and so long as the member whose membership is being voted on for expulsion must have an opportunity to explain that member's actions.

Article VI. Association Dues

Section 6.01. Active and Affiliate Member Dues

The Board may determine, from time to time and as reasonably and prudently necessary to meet the Association's financial obligations, the amount each Active and Affiliate Member must pay

in annual dues to remain a member in good standing. In no event, however, will an Active or Affiliate Member's annual dues be less than the annual base membership fee of $75 plus 10 cents per head of adult sheep or goats owned by that Active or Affiliate Member. The Association will invoice each Active or Affiliate Member annually for the annual base membership fee.

Section 6.02. Deleted

Section 6.03. Junior Member Dues

The Board may determine, from time to time, the amount each new Junior Member must pay in one-time dues. In no event, however, will a Junior Member pay less than a one-time fee of $25. A Junior Member is not entitled to receive a subscription to the Association's Official Publication.

Article VII. Official Publication

The Board shall designate a suitable magazine, which may or may not be the property of the Association as the official publication of the Association (the Official Publication). Each Active and Affiliate Member shall receive a copy of the Official Publication, for which there shall be a charge as determined by the Board, from time to time.

Article VIII. Miscellaneous

Section 8.01. National Organization Membership

The Board may determine a sum of money to be paid, from time to time and in the prudent course of business, as the Association's annual dues to the American Sheep Industry Association (ASI), or its successor organization.

Section 8.02. Fiscal Year

The fiscal year of this Association shall begin on July 1st and close June 30th of each year.

Section 8.03. Fiscal Policy

This Association shall operate on a budget prepared by the President, or its delegate, before the Annual Meeting and presented at the first Board Meeting immediately following the Annual Meeting. This budget shall include all regular Association operating expenses plus an additional amount equal to 10% of those requirements. All revenue collected on an annual basis shall be allocated first to meet the Association's approved operational expenses, and then to either (a) ASI, or (b) be placed in the Association's operating account. The Association must hire an independent certified public accountant to prepare, at a minimum, an annual compilation or review of the Association's financial records and present them to the Board for approval.

Article IX. Amendments to the By-Laws

The Association may amend these By-Laws at any Annual or Special Meeting, provided the Board has approved the proposed amendment at least 45 days before the meeting, and provided further that the Association submit the proposed amendment to each Active or Affiliate Member by mail or by the Active or Affiliate Member's designated method of receiving notices at least 30 days before the date of the meeting. Any amendment must be approved by a two-thirds vote of the Members present at the meeting before the amendment can be adopted.

Article X. Winding Up of the Association

The Board may voluntarily wind up the Association pursuant to Texas law.

SUBMITTED TO THE BOARD ON: *July 10, 2018*

APPROVED BY THE BOARD ON: *July 20, 2018*

SUBMITTED TO THE ASSOCIATION MEMBERS ON: *December 28, 2018*

APPROVED BY THE ASSOCIATION MEMBERS ON: *February 16, 2019*