



BYLAWS

HIDALGO COUNTY SHERIFF'S POSSE ARENA, INC.

PREAMBLE

The following Bylaws shall be subject to, and governed by, the Business Organizations Code of Texas. In the event of a direct conflict between the herein contained provisions of these Bylaws and the applicable Business Organizations Code Statues of Texas, said statues shall be the prevailing controlling law.

ARTICLE 1 NAME

The legal name of the Non-Profit Corporation/Organization shall be known as Hidalgo County Sheriff's Posse Arena, Inc., and shall herein be referred to as the "HCSP."

ARTICLE 2 PURPOSE

The purpose for which the HCSP has been established are as follows:

The HCSP shall be operated exclusively to promote wholesome equestrian and related sports for charitable purposes, such as rodeos, roping contests, horse shows, contests involving horses, and related activities. The organization will also foster western culture and provide a platform for community outreach and support of youth programs.

The HCSP shall not, except to an insubstantial degree, engage in any activity or the exercise of any powers which are not in furtherance of its primary non-profit purposes.

The HCSP shall hold and may exercise all such powers as may be conferred upon any nonprofit organization by the laws of the State of Texas and as may be necessary or expedient for the administration of the affairs and attainment of the purposes of the HCSP. At no time and in no event shall the HCSP participate in any activities which have not been permitted to be carried out by a Corporation/Organization exempt under Section 501(c) of the Internal Revenue Code of 1986 (the "Code"), such as certain political and legislative activities.

ARTICLE 3 OFFICE

The principal office of the HCSP shall be located at 603 W Wisconsin Rd, Edinburg, Texas 78539. The principal mailing address of the HCSP shall be P.O. Box 741, Edinburg, Texas 78540.

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

ARTICLE 4 DEDICATION OF ASSETS

The properties and assets of the HCSP are irrevocably dedicated to and for non-profit purposes only. No part of the net earnings, properties, or assets of this Organization, on dissolution or otherwise, shall inure to the benefit of any person or any member, director, or officer of this Organization. On liquidation or dissolution, all remaining properties and assets of the HCSP shall be distributed and paid over to an organization dedicated to non-profit purposes which has established its tax-exempt status pursuant to Section 501(c) of the IRS Code.

ARTICLE 5 BOARD OF DIRECTORS

Definition

A "Board of Directors" means the group of persons vested with the management of the affairs of the corporation, regardless of the name used to designate the group.

HCSP Board of Directors

The HCSP Board of Directors shall be designated as the Executive Board and will be comprised of one (1) Captain, one (1) Co-Captain, one (1) Treasurer, and two (2) Lieutenants.

Chain of Command

The Captain shall preside as chairman of the executive board and shall be the highest authority within the organization. The Co-Captain will be second in command and shall assume the duties of the Captain in the absence thereof. Lieutenants will be third in command and shall report directly to the Captain and Co-Captain with respect to HCSP official business. Lieutenants shall be charged as first line supervisors to the body of active members. Each Lieutenant will be responsible for an equal number of members under his/her command. If the Captain and Co-Captain positions become vacant simultaneously, the ranking Lieutenant shall take command. Rank will be established by years of active membership in the organization. The Treasurer will be fourth in Command but shall report directly to the Captain and Co-Captain with respect to organizational level financial actions required for progress of the organization. All other routine financial business shall be reportable upon request to all Executive Board members and active members of the organization. The Treasurer shall keep all financial records required by state and federal law and have them ready for inspection upon request of authorities with proper jurisdiction.

General Powers and Responsibilities

The HCSP shall be governed by an Executive Board, which shall have all the rights, powers, privileges and limitations of liability of directors of a non-profit corporation organized under the

Business Organizations Code Statutes of Texas. The Executive Board shall establish directives governing business and programs of the HCSP and shall delegate to any temporary committee chairman, subject to the provisions of these Bylaws, authority and responsibility to see that the directives are appropriately followed.

Number and Qualifications

The Executive Board shall have five (5) members, but no fewer than three (3) members as required by State law. Board members must be a resident of the State of Texas and furthermore be a resident of Hidalgo County, Texas.

Board Compensation

The Executive Board shall receive no compensation other than for reasonable expenses made in furtherance of the organization. However, provided the compensation structure complies with Sections relating to "Contracts Involving Board Members" as stipulated under these Bylaws.

Board Elections

Active Members shall present nomination for new and renewing Executive Board members at the annual meeting immediately preceding the beginning of the next calendar year to be held in the month of December. New and renewing Board members shall be approved by simple majority of those active members at an annual meeting at which a quorum is present. Board elections shall not violate any provisions of Article 8, Conflict of Interest, of these bylaws. The Executive board may not be composed of members with familial relationships such as a brother, sister, parent, ancestor, descendent, spouse, brother-in-law, sister-in-law, son-in-law, mother-in-law, or father-in-law. The Executive board, through resolution may allow a familial relationship in the event no other nomination or possible candidate is identified to fill a Board member position. All other situations shall violate provisions of Article 8, Conflict of Interest.

Term of Board

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

Vacancies

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

- a) The death, resignation, or removal of any Board Member.
- b) The declaration by resolution of the Board of a vacancy in the office of a Board member who has been declared of unsound mind by a final order of court, convicted of a felony, found by final order or judgment of any court to have breached a duty pursuant to the Business Organizations Code or Act of the law dealing with the standards of conduct for a director.

- c) Has missed 3 consecutive monthly meetings, or a total of 4 monthly meetings during any one calendar year.
- d) The failure of the Active Members, at any annual or other meeting of Executive Board at which Board member(s) are to be elected, to elect the full authorized number of Board members.

Any vacancy on the Executive Board may be filled by simple majority of the Board Members then in office, whether or not the number of Board Members then in office is less than a quorum, or by vote of a sole remaining Board Member.

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

Resignation

Any Board Member may resign effective upon giving written notice to the Captain or Co-Captain of the HCSP. Unless otherwise specified in the notice, the resignation shall take effect upon receipt thereof, and the acceptance of such resignation shall take effect upon receipt thereof, and the acceptance of such resignation shall not be necessary to make it effective. If the resignation is effective at a future time, a successor may be designated to take office when the resignation becomes effective.

Removal

The Executive Board, by way of a majority vote of the Board Members then currently in office, may remove any Board Member without cause at a special meeting. No reduction of the authorized number of Board members shall have the effect of removing any Board member before that member's term of office expires.

Meetings

The Executive Board's regular meetings shall be held on the 3rd Wednesday of every month unless a conflict occurs, at which point the meeting may be held at such time and place as shall be determined by the Executive Board. Board members may call a special meeting with 3 days' written notice provided to each member of the Board. The notice shall be served upon each Board member via hand delivery, regular mail, email, or text/instant messaging service. The person(s) authorized to call such special meetings of the Board may also establish the place the meeting is to be conducted, so long as it is a reasonable place to hold any special meeting of the Board.

The Captain shall preside over all meetings and shall require Lieutenants to maintain good order and discipline. The Co-Captain shall read meeting rules and take roll call of all members. The Treasurer shall give a monthly financial report to all members.

Minutes

The Secretary shall be responsible for the recording of all minutes of each and every meeting of the Executive Board in which business shall be transacted. In the event that the Secretary is unavailable, the Captain shall appoint an individual to act as Secretary at the meeting. The Secretary, or the individual appointed to act as Secretary, shall prepare the minutes of the meetings,

which shall be recorded. A copy of the minutes shall be delivered to each Board member via either regular mail, hand delivered, or emailed within 5 business days after the close of each Board meeting.

Action by Written Consent

Any action required to be taken by the Executive Board, may be taken without a meeting if consent in writing setting forth the action so taken shall be signed by all Board members. The number of Board Members in office must constitute a quorum for an action taken by written consent.

Such consent shall be placed in the minute book of the HCSP and shall have the same force and effect as a vote of the Board taken at an actual meeting. The Board members' written consent may be executed in multiple counterparts or copies, each of which shall be deemed an original for all purposes. In addition, facsimile signatures and electronic signatures or other electronic "consent click" acknowledgments shall be effective as original signatures.

Quorum

At each meeting of the Executive Board, the presence of 3 Board members shall constitute a quorum for the transaction of business. If at any time the Board consists of an even number of members and a vote results in a tie, then the vote of the Captain shall be the deciding vote. If a quorum is not present at a meeting, the Board members present may adjourn the meeting without further notice until a quorum shall be present. However, a Board member shall be considered present at any meeting of the Board if during the meeting he or she is present via telephone or web conferencing with the other Board members participating in the meeting.

Voting

Each Board member shall only have one vote.

Proxy

Members of the Board shall not be allowed to vote by written proxy.

Board Member Attendance

An elected Board Member who is absent from 2 consecutive regular meetings of the Board during a fiscal year shall be encouraged to reevaluate with the Captain his/her commitment to the HCSP. The Executive Board may deem a Board member who has missed 3 consecutive meetings or a total of 4 monthly meetings during any one calendar year without such a reevaluation with the Captain to have resigned from the Board.

ARTICLE 6 SECRETARY

Qualifications

The Secretary shall maintain status as an active member and must maintain member qualifications set forth in Article 7.

Election

The Secretary shall be nominated and selected from a pool of active members. Members shall approve by simple majority of those active members at an annual meeting at which a quorum is present.

Term

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

Responsibilities

The Secretary shall record all minutes of all official meetings held and shall maintain accurate records of each. Official Minutes shall be transcribed and be ready for review by the Executive board no later than five (5) business days from the conclusion of any meeting. Minutes shall be read by the Secretary at the next scheduled monthly meeting and approved by a simple majority of members at an annual meeting at which a quorum is present. The Captain and the Secretary shall sign the minutes and they shall be filed as official record. The Secretary shall assist the Executive Board in a traditional capacity such as creating, editing, saving, printing documents or reports in furtherance of the organization. The Secretary shall assist the Executive Board in organizing monthly and annual meeting agendas, schedules and location logistics. The secretary shall make all notifications of regular, annual, special meetings or events to all members. Informative notifications shall also be made by the Secretary from time to time as requested by the Executive Board.

Vacancy

In the absence of a Secretary, the vacancy may be filled by simple majority of the Board Members then in office. A Secretary elected to fill a vacancy shall be elected for the unexpired term of his or her predecessor in office.

Resignation

A Secretary may resign effective upon giving written notice to the Captain or Co-Captain of the HCSP. Unless otherwise specified in the notice, the resignation shall take effect upon receipt thereof, and the acceptance of such resignation shall take effect upon receipt thereof, and the acceptance of such resignation shall not be necessary to make it effective. If the resignation is effective at a future time, a successor may be designated to take office when the resignation becomes effective.

Removal

The Executive Board, by way of a majority vote of the Board Members then currently in office, may remove any Secretary without cause at a special meeting.

Voting

The Secretary shall not have voting rights during Executive board decision made by vote. The Secretary shall have a voting right for all other voting measures as a right of an active member.

ARTICLE 7 MEMBERS

Definitions

An “Active Member” is a HCSP member in good standing with voting privilege during monthly meetings.

An “Inactive Member” is a HCSP member who has requested to be placed in an inactive status or has missed three (3) consecutive monthly meetings or has pending disciplinary action on behalf of the Executive Board. An inactive member does NOT have a voting right.

Qualifications

Only residents of the State of Texas and furthermore, only residents of Hidalgo County in good standing shall be eligible to become members of the HCSP. Members must have not been convicted of any felony offense, class A misdemeanor, misdemeanor crime of domestic violence or qualify as a person prohibited to carry a firearm as defined by federal law. Members must have reached a minimum of 18 years of age upon application for membership.

Membership Fee

There shall be no annual membership fee for the HCSP.

Membership Application

Persons interested in membership must fill out and submit a membership application to the HCSP Secretary or Lieutenants for vetting. Applications will be issued during the interested party’s first monthly meeting and shall be vetted prior to approval on the following monthly meeting. Membership shall be approved by simple majority of those active members at a monthly meeting at which a quorum is present. In the event of a tie the Captain’s vote shall be the deciding vote.

Responsibilities

Active members shall attend monthly meetings, grounds maintenance days, events hosted by the HCSP and other gatherings deemed necessary by the Executive board in furtherance of the organization. Members must conform to the uniform guidelines established by the Executive board for all official functions. A Good faith standard of participation in HCSP activities is expected and excuses will be granted only on a case by case basis by the Executive board with proper notification to their assigned Lieutenant. Notification must be made via hand delivery, regular mail, email, or text/instant messaging service and as soon as practical. Members will follow appropriate chain of command to route notifications, concerns, grievances or proposals via their assigned Lieutenant. Members are required to abide by the HCSP bylaws, Executive board directives, resolutions, policies and procedures in order to establish rule of good order and discipline. Members will be subject to disciplinary action for violations herein.

Compensation

Active and Inactive members shall receive no compensation other than for reasonable expenses made in furtherance of the organization. However, provided the compensation complies with Sections relating to Article 8, Conflict of Interest as stipulated under these Bylaws.

Executive Board Elections

Active Members shall present nomination for new and renewing Executive Board members at the annual meeting immediately preceding the beginning of the next calendar year to be held in the month of December. New and renewing Board members shall be approved by simple majority of those active members at an annual meeting at which a quorum is present. Board elections shall not violate any provisions of Article 8, Conflict of Interest, of these bylaws. The Executive board may not be composed of members with familial relationships such as a brother, sister, parent, ancestor, descendent, spouse, brother-in-law, sister-in-law, son-in-law, mother-in-law, or father-in-law. The Executive board, through resolution may allow a familial relationship in the event no other nomination or possible candidate is identified to fill a Board member position. All other situations shall violate provisions of Article 8, Conflict of Interest.

Membership Term

Membership shall be perpetual unless a violation of HCSP bylaws, Executive board directives, resolutions, policies and procedures is evidenced. Membership may be voluntarily withdrawn at any time, at the discretion of the member upon notification to their supervising Lieutenant.

Disciplinary Action

Any disciplinary action to include revocation of membership shall be taken up by the Executive board. The Executive board will have 10 working days to review the membership case prior to issuing a decision. The Executive board's decision will be final and not be subject to appeal. Membership shall be terminated immediately if conduct results in any prohibited action as stipulated in Article 6, Qualifications. Termination of membership may be cause for a lifetime ban from the HCSP and HCSP grounds during times not established as open to the public. Open to the public times are times designated by the HCSP for spectators and contestants to physically access the grounds during times of an event where the invitation does not specify a particular invitational group.

Quorum

At each monthly meeting, the presence of 2/3 of members shall constitute a quorum for the transaction of business. If at any time an even number of members vote resulting in a tie, then the vote of the Captain shall be the deciding vote. If a quorum is not present at a monthly meeting, the Captain may adjourn the meeting without further notice until a quorum shall be present.

Voting

Each member shall only have one vote.

Proxy

Members shall not be allowed to vote by written proxy.

Attendance

A Member who is absent from 3 consecutive regular meetings during a fiscal year shall be placed in an inactive status and his/her voting right shall be suspended. The Executive Board may deem a member who has missed 3 consecutive meetings or a total of 4 monthly meetings during any one calendar year without an approved excuse, to have resigned from the organization.

Arena Usage Rights

Each member is granted the right to use the arena and grounds in a manner consistent with the rules established by the Executive Board. Each Member is authorized up to and not exceed three (3) guests per day and only on days and times authorized by the Executive Board. Use of the arena during non-daylight hours or for organized practices will be scheduled by a fee established by the Executive board.

ARTICLE 8 JR. MEMBERS

Definitions

An “Active Jr. Member” is a HCSP member in good standing with voting privilege during Jr. member activities.

An “Inactive Jr. Member” is a HCSP member who has requested to be placed in an inactive status or has missed three (3) consecutive monthly meetings or has pending disciplinary action on behalf of the Executive Board. An inactive Jr. member does NOT have a voting right.

Qualifications

Only residents of the State of Texas and furthermore, only residents of Hidalgo County in good standing shall be eligible to become Jr. members of the HCSP. Jr. members must have not been convicted of any felony offense, class A misdemeanor, misdemeanor crime of domestic violence or qualify as a person prohibited to carry a firearm as defined by federal law. Jr. members must have NOT reached a maximum of 18 years of age upon application for membership as a Jr member.

Membership Fee

There shall be no annual membership fee for the HCSP.

Membership Application

Persons interested in membership must fill out and submit a membership application to the HCSP Secretary or Lieutenants for vetting. Applications will be issued during the interested party’s first monthly meeting and shall be vetted prior to approval on the following monthly meeting. Membership shall be approved by simple majority of those active Jr. members at a monthly meeting at which a quorum is present. In the event of a tie the Captain’s vote shall be the deciding vote.

Responsibilities

Active Jr. members shall attend monthly meetings, grounds maintenance days, events hosted by the HCSP and other gatherings deemed necessary by the Executive board in furtherance of the organization. Jr. members must conform to the uniform guidelines established by the Executive board for all official functions. A Good faith standard of participation in HCSP activities is expected and excuses will be granted only on a case by case basis by the Executive board with proper notification to their assigned Lieutenant. Notification must be made via hand delivery, regular mail, email, or text/instant messaging service and as soon as practical. Jr. members will follow appropriate chain of command to route notifications, concerns, grievances or proposals via their assigned Lieutenant. Jr. members are required to abide by the HCSP bylaws, Executive board

directives, resolutions, policies and procedures in order to establish rule of good order and discipline. Jr. members will be subject to disciplinary action for violations herein.

Compensation

Active and Inactive Jr. members shall receive no compensation other than for reasonable expenses made in furtherance of the organization. However, provided the compensation complies with Sections relating to Article 8, Conflict of Interest as stipulated under these Bylaws.

Membership Term

Membership shall be up to and not to exceed 18 years of age unless a violation of HCSP bylaws, Executive board directives, resolutions, policies and procedures is evidenced. Membership may be voluntarily withdrawn at any time, at the discretion of the member upon notification to their supervising Lieutenant. Membership as a Jr. member in good standing upon attainment of 18 years of age can request thru their chain of command that their membership be transferred to an active member status with voting rights during monthly meetings. A new application under Article 7 shall be submitted.

Disciplinary Action

Any disciplinary action to include revocation of membership shall be taken up by the Executive board. The Executive board will have 10 working days to review the membership case prior to issuing a decision. The Executive board's decision will be final and not be subject to appeal. Membership shall be terminated immediately if conduct results in any prohibited action as stipulated in Article 6, Qualifications. Termination of membership may be cause for a lifetime ban from the HCSP and HCSP grounds during times not established as open to the public. Open to the public times are times designated by the HCSP for spectators and contestants to physically access the grounds during times of an event where the invitation does not specify a particular invitational group.

Quorum

At each monthly meeting, the presence of ½ of members shall constitute a quorum for the transaction of Jr. member business. If at any time an even number of Jr. members vote resulting in a tie, then the vote of the Captain shall be the deciding vote. If a quorum is not present at a monthly meeting, the Captain may adjourn the meeting without further notice until a quorum shall be present.

Voting

Each Jr. member shall only have one vote.

Proxy

Jr. members shall not be allowed to vote by written proxy.

Attendance

A Jr. member who is absent from 3 consecutive regular meetings during a fiscal year shall be placed in an inactive status and his/her voting right shall be suspended. The Executive Board may deem a Jr. member who has missed 3 consecutive meetings or a total of 4 monthly meetings during any one calendar year without an approved excuse, to have resigned from the organization.

Arena Usage Rights

Each Jr. member is granted the right to use the arena and grounds in a manner consistent with the rules established by the Executive Board. Each Jr. member is authorized up to and not exceed three (3) guests per day and only on days and times authorized by the Executive Board. Use of the arena during non-daylight hours or for organized practices will be scheduled by a fee established by the Executive board.

ARTICLE 9 COMMITTEES

Creation of Committees

The Executive Board may, from time to time, and by resolution adopted by a simple majority of the board members then in office provided that a quorum is present, designate one or more temporary committees to exercise powers specifically delegated in the resolution of the Board. Each such committee shall consist of at least two (2) persons whom the board members believe to be reliable and competent to serve at the specific committee.

Audit Committee

The Board, at its sole discretion, may create an Audit Committee, which may be comprised of one or more persons including persons other than directors of the Corporation/Organization. The Audit Committee shall make recommendations to the Board of Directors regarding the hiring and termination of an auditor, who shall be an independent certified public accountant. The Audit Committee shall consult with the auditor to assure its members that the financial affairs of the Corporation/Organization are in order, and after review shall determine whether to accept the audit. It shall also be the responsibility of the Audit Committee to ensure that the auditor's firm adheres to the standards for auditor independence established and published by the Attorney General of Texas. The membership of the Audit Committee, if created, shall not include the following persons:

- a) The Chair of the Board of the Board;
- b) The Treasurer of the Corporation/Organization;
- c) Any employee of the Corporation/Organization; or
- d) Any person with a material financial interest in any entity doing business with the Corporation/Organization.

Possible Committee List

Event Committee, Fundraising Committee, Membership Committee, Marketing Committee, Public Relations Committee, and Finance Committee. Other Committee names may be used by the Executive Board to plan and execute a specific function for which the committee was formed.

ARTICLE 10 STANDARD OF CARE

Board Members

A Board member shall perform all the duties of a Board Member, in such a manner as the member deems to be in the best interest of the Organization and with such care, including reasonable inquiry, as an ordinary, prudent, and reasonable person in a similar situation may exercise under similar circumstances.

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

- a) One or more officers or employees of the Corporation/Organization whom the Board member deems to be reliable and competent in the matters presented;
- b) Counsel, independent accountants, or other persons, as to the matters which the Board member deems to be within such person's professional or expert competence; or
- c) A committee of the Board upon which the Board member does not serve, as to matters within its designated authority, which committee the Board member deems to merit confidence,

so long as in any such case the Board member acts in good faith, after reasonable inquiry when the need may be indicated by the circumstances, and without knowledge that would cause such reliance to be unwarranted.

Except as herein provided in Article 10 - Standard of Care, any person who performs the duties of a Board member in accordance with the above shall have no liability based upon any failure or alleged failure to discharge that person's obligations as a director, including, without limitation of the following, any actions or omissions which exceed or defeat a public or charitable purpose to which the Corporation/Organization, or assets held by it, are dedicated.

Prohibited Conduct

No Board member or active member shall be permitted to attend an official event or social function while under the influence of alcohol or drugs. Consumption of alcohol by Board members and members is strictly prohibited during all official activities of this organization when such participation is in an official HCSP capacity. Physical altercations or conduct unbecoming of a member shall not be tolerated. Any violation of this provision shall result in immediate removal from HCSP grounds and referral to the Executive Board for disciplinary action.

Loans

The Corporation/Organization shall not make any loan of money or property to, or guarantee the obligation of, any Board member or active member, however, that the Organization may advance money to a Board member or member of the Organization for expenses reasonably anticipated to be incurred in the performance of the duties of such Board member or active member so long as such individual would be entitled to be reimbursed for such expenses absent that advance.

Conflict of Interest

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

Restriction on Interested Directors

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

Duty to Disclose

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

Establishing a Conflict of Interest

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

Addressing a Conflict of Interest

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

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

Violations of Conflict of Interest Policy

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

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

Procedures and Records

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

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

Acknowledgement of Conflict of Interest Policy

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

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

Liability

An Executive Board member is not liable to the corporation or any other person for an action taken or omission made by the officer in the person's capacity as a Board member unless the member's conduct was not exercised: (1) in good faith; (2) with ordinary care; and (3) in a manner the officer reasonably believes to be in the best interest of the corporation.

This section shall not affect the liability of the corporation for an act or omission of the officer described in the applicable Business Organizations Code Statutes of Texas. Such right of

indemnification shall not be deemed exclusive of any other right to which such persons may be entitled apart from this Article.

ARTICLE 11 EXECUTION OF CORPORATE INSTRUMENTS

Execution of Corporate Instruments

The Captain, Co-Captain and Treasurer shall have the authority to execute any corporate instrument or document, or to sign the corporate name without limitation, except when otherwise provided by law, and such execution or signature shall be binding upon the HCSP.

Unless otherwise specifically determined by the Executive Board or otherwise required by law, formal contracts of the HCSP, promissory notes, deeds of trust, mortgages, other evidences of indebtedness of the HCSP, other corporate/organization instruments or documents, memberships in other corporations/organizations, and certificates of shares of stock owned by the HCSP shall be executed, signed, and/or endorsed by the Captain, Co-Captain, or Treasurer.

All checks and drafts drawn on banks or other depositories on funds to the credit of the HCSP, or in special accounts of the Corporation/Organization, shall be signed by the Captain, Co-Captain or Treasurer.

Loans and Contracts

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

ARTICLE 12 RECORDS AND REPORTS

Maintenance and Inspection of Articles and Bylaws

The HCSP shall keep at its principal office the original or a copy of its Certificate of Formation and bylaws as amended to date, which shall be open to inspection by the Board members and active members at all reasonable times during office hours.

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

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

Maintenance and Inspection of Other Corporate Records

The HCSP shall keep adequate and correct books and records of accounts and written minutes of the proceedings of the Board and committees of the Board. All such records shall be kept at a place or places as designated by the Board and committees of the Board, or in the absence of such designation, at the principal office of the HCSP. The minutes shall be kept in written or typed

form, and other books and records shall be kept either in written or typed form or in any form capable of being converted into written, typed, or printed form. Upon leaving office, each Board member, employee, or agent of the HCSP shall turn over to his or her successor, in good order, such corporate/organization monies, books, records, minutes, lists, documents, contracts or other property of the HCSP as have been in the custody of such Board member, employee, or agent during his or her term of office.

Every Board member shall have the absolute right at any reasonable time to inspect all books, records, and documents of every kind and the physical properties of the HCSP. The inspection may be made in person or by an agent or attorney, and shall include the right to copy and make extracts of documents.

Preparation of Annual Financial Statements

The HCSP shall prepare annual financial statements using generally accepted accounting principles. Such statements shall be audited by an independent certified public accountant, in conformity with generally accepted accounting standards. The HCSP shall make these financial statements available to the Executive Board and its members at the first monthly meeting immediately following completion and submission of these statements.

Reports

The Executive Board shall ensure an annual report is sent to all Board members within 15 days after the end of the fiscal year of the HCSP, which shall contain the following information:

- a) The assets and liabilities, including trust funds, of the HCSP at the end of the fiscal year.
- b) The principal changes in assets and liabilities, including trust funds, during the fiscal year.
- c) The expenses or disbursements of the HCSP for both general and restricted purposes during the fiscal year.

The report shall be accompanied by any pertinent report from an independent accountant.

ARTICLE 13 FISCAL YEAR

The fiscal year for the HCSP shall end on December 31.

ARTICLE 14 AMENDMENTS AND REVISIONS

These bylaws may be adopted, amended, or repealed by a two-thirds majority of the Executive board then in office. Such action is authorized only at a duly called and held meeting of the Executive board for which written notice of such meeting, setting forth the proposed bylaw revisions with explanations, therefore, is given in accordance with these bylaws. If any provision of these bylaws requires the vote of a larger portion of the Board than is otherwise required by law, that provision may not be altered, amended or repealed by that greater vote.

ARTICLE 15 CORPORATE/ORGANIZATION LOGO

The Executive board has adopted an organization logo, shown atop of these bylaws. Failure to affix the logo to any corporate/organization document, however, shall not affect the validity of that document.

CERTIFICATE OF ADOPTION

I, Aquiles Villarreal, certify that I am the current elected and Captain of the Hidalgo County Sheriff's Posse Arena, Inc., and the above bylaws are the bylaws of this Organization as adopted by the Executive Board on March 17, 2020, and that they have not been amended or modified since the above.

EXECUTED on this day of March 17, 2020, in the County of Hidalgo in the State of Texas.

Aquiles Villarreal AQUILES VILLARREAL
(Duly Elected Captain)

JOSE GARCIA
(Duly Elected C-Captain)

DANIEL GILL DANIEL GILL
(Duly Elected Treasurer)

JIMMY GUTHRIE
(Duly Elected Lieutenant)

BRIAN ELEVINS
(Duly Elected Lieutenant)