

**BY-LAWS**  
**OF**  
**SEAGRASS BEACH POA**

These By-laws of Seagrass Beach POA (“By-laws”) are hereby adopted as the by-laws of Seagrass Beach POA (“Corporation”) and shall hereafter govern the affairs of the Corporation pursuant to the provisions of the Texas Business Organizations Code (the “Act”) and other laws applicable to a property owners association.

**ARTICLE 1. NAME AND OFFICES**

1.01 Name. The affairs of the Corporation shall at all times be conducted in the name of Seagrass Beach POA.

1.02 Principal Office. The principal office of the Corporation shall be located at 17040 El Camino Real, Suite 200, Houston, Texas 77058. The Corporation may have such other offices as the Board of Directors may from time to time deem necessary or advisable. The Board of Directors may change the location of any office of the Corporation, including its principal office, as the Board of Directors may from time to time deem necessary or adequate.

1.03 Registered Office and Registered Agent. The Corporation’s initial registered office and registered agent are set forth in the Certificate of Formation of the Corporation. The Board of Directors may change the registered office, the registered agent, or both as the Board of Directors may from time to time deem necessary or advisable.

**ARTICLE 2. MEMBERS**

2.01 Membership and Voting Rights. The membership of the Corporation consists of the record owners of all lots within the residential community known as Seagrass, a subdivision in Galveston County, Texas, including any area hereafter created by the dedication or annexation of additional property into the subdivision (collectively, “Subdivision”). Lienholders shall not be considered members. When more than one person is an owner of a lot, all of such persons shall be members and the vote with respect to such lot shall be exercised as the owners of such lot among themselves determine, but in no event shall there be more than one vote with respect to any one lot.

2.02 Classes of Members. The membership of the Corporation shall consist of two classes as set forth in the Certificate of Formation of the Corporation and the Declaration of Reservations, Easements, Restrictions, Covenants and Conditions for the Subdivision as filed in the Real Property Records of Galveston County, Texas, including as may be amended or supplemented, (collectively, “Declaration”).

2.03 Voting Rights. The voting rights of the two membership classes are set forth in the Certificate of Formation and the Declaration.

2.04 Assessments. The annual assessment and any special assessments shall be assessed in the manner provided in the Declaration, and each member shall pay such assessment in accordance with the schedule set by the Board of Directors therefor.

2.05 Sanction of Members. The Board of Directors may impose reasonable sanctions on a member for good cause after a hearing. Good cause includes the default of an obligation to the Corporation to pay fees or dues for a period of fifteen days following delivery of notice of default, or a material and serious violation of the Certificate of Formation, these By-laws, any rules adopted by the Corporation, or of any law. The Board of Directors may delegate such powers to a regular or ad hoc committee to conduct a hearing, make recommendations to the Board of Directors, or take action on behalf of the Board of Directors. The Board of Directors or a committee designated by the Board of Directors to handle a matter involving sanctioning may not take any action against a member without giving the member adequate notice and an opportunity to be heard. To be deemed adequate, notice shall be in writing, describe the violation or property damage that is the basis for the proceeding, including stating any amount due the Corporation, inform the owner that the owner is entitled to a reasonable period to cure the violation and avoid the fine or suspension (unless the owner was given notice and a reasonable opportunity to cure a similar violation within the preceding six months), inform the owner that the owner may request a hearing under Tex. Prop. Code § 209.007 or any successor statute on or before the thirtieth day after the date the owner receives the notice, and be sent by certified mail, return receipt requested, at least thirty days prior to the hearing. Shorter notice may be deemed adequate if the Board of Directors or a committee designated by the Board of Directors to handle a matter involving sanctioning determines that the need for an early hearing outweighs the prejudice caused to the member and if a statement of the need for a timely hearing is included in the notice. A member shall have the right to be represented by counsel at and before the hearing. The Board of Directors or a committee designated by the Board of Directors to handle a matter involving sanctioning may impose sanctions by a vote of a majority of directors, or of members of a committee designated by the Board of Directors to handle a matter involving sanctioning, who are present and voting. Sanctioning of a member shall not relieve the member of any obligation to pay any assessment or other charge attributable to the lot(s) owned by such member.

2.06 Transfer of Membership. Membership in the Corporation is mandatory and appurtenant to, and may not be separated from, ownership of the lot in the Subdivision upon which such membership is based. Membership terminates on the earliest of: (1) sale of the lot owned by such member; (2) death of such member; or (3) dissolution of the Corporation.

2.07 Ownership of Corporation Property. All real and personal property, including all improvements located on the real property, acquired by the Corporation shall be owned by the Corporation and held in the name of the Corporation. A member shall have no right, title or interest in or to any property of the Corporation or the right to partition all or any part of the Corporation's property.

### ARTICLE 3. MEETINGS OF MEMBERS

3.01 Annual Meeting. Beginning in 2016, the Board of Directors shall hold an annual meeting of the members at 7:00 o'clock p.m. on the third Monday in September of each year or at such other time that the Board of Directors designates. At the annual meeting, the members shall elect directors and transact any other affairs of the Corporation that may come before the meeting. If, in any year, the election of directors is not held on the day designated for the annual meeting or at any adjournment of the annual meeting, the Board of Directors shall call a special meeting of the members promptly thereafter to conduct the election of directors.

3.02 Special Meetings. Special meetings of the members may be called by the president, the Board of Directors, or members holding not less than ten percent of the votes that may be cast at a meeting.

3.03 Place of Meeting. The Board of Directors may designate any place within the State of Texas as the place of meeting for any annual meeting or for any special meeting called by the Board of Directors. All meetings called by the president or the members holding not less than ten percent of the votes that may be cast at a meeting, and all meetings called by the Board of Directors if the Board of Directors does not designate the place of such meeting, shall be held at the office of the management company of the Corporation or, if none, at the principal office of the Corporation.

3.04 Notice of Meetings. Notice of the annual meeting of the members shall not be required if held as scheduled in paragraph 3.01 above at the location specified in paragraph 3.03 above, all without further designation by the Board of Directors. Written notice of the annual meeting as otherwise designated by the Board of Directors and of any special meeting of the members shall be given to each member entitled to vote, addressed to the member's address last appearing on the books of the Corporation, not less than ten and not more than sixty days before the date of the meeting, and may be given personally, by facsimile transmission, or mail. If the Corporation has more than 1,000 members at the time the special meeting is scheduled, notice may be given by publication in any newspaper of general circulation in the community in which the principal office of the Corporation is located. The notice shall state the place, day and hour of the meeting, and the purpose or purposes for which the meeting is called. Notice shall be given by or at the direction of the president or secretary of the Corporation, or the other officers or persons calling the meeting. If all of the members meet and consent to the holding of a meeting, any corporate action may be taken at the meeting regardless of a lack of proper notice.

3.05 Quorum. The presence at a meeting of members holding one-tenth of the votes entitled to be cast, represented in person or by proxy, shall constitute a quorum at that meeting, and the majority of the votes entitled to be cast by the members present or represented by proxy at a meeting at which a quorum is present shall be the act of the members of the Corporation. Thereafter, if enough members leave the meeting so that less than a quorum remains, the remaining members may continue to transact the affairs of the Corporation. If a quorum is present at no time during a meeting, a majority of the members present may adjourn and reconvene the meeting as many times as may be necessary without further notice except announcement at the meeting, until a quorum as aforesaid shall be present or represented.

3.06 Actions of Membership. A member is entitled to vote only if all required assessments have been paid on the lot(s) owned by the member voting and the member has not been sanctioned in such manner that would prohibit such vote. Voting shall be by ballot. At no time shall any member be entitled to cumulate his/her/its votes in an election for directors.

3.07 Proxies. 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 unless otherwise provided in the proxy.

3.08 Voting by Mail and by Facsimile. Members may vote by mail, facsimile transmission or by any combination of the two on the election of directors and, to the extent allowed by the Act or other applicable law, on any other matter that may be voted on by the members.

#### ARTICLE 4. BOARD OF DIRECTORS

4.01 Management of the Corporation. The affairs of the Corporation shall be managed by the Board of Directors.

4.02 Number, Qualifications and Tenure of Directors. The number of directors shall be three or such other number determined by the Board of Directors that is not less than three. Directors need not be residents of Texas but shall be members, or if a member is not a natural person then a representative of a member, of the Corporation. Each director shall serve for a term of two years. The terms of the directors shall be staggered so that the terms of half of the directors, or the number closest to but not exceeding half if there is not an even number of directors, shall terminate in even numbered years and the terms of the remaining directors shall terminate in odd numbered years.

4.03 Nomination of Directors. At any meeting at which the election of a director occurs, a member entitled to vote may nominate a person with the second of any other member entitled to vote. In addition to nominations made at meetings, a nominating committee may consider possible nominees and make nominations for each election of directors. The secretary shall include the names nominated by the nominating committee, and any report of the committee, with the notice of the meeting at which the election occurs.

4.04 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. Directors shall be elected by the vote of the membership of the Corporation at the annual meeting of the members as set forth in paragraph 3.01 above or, in the instance of a vacancy as set forth in paragraph 4.05 below, by the Board of Directors at the annual meeting or a special meeting to be called by the Board of Directors. A directorship to be filled by reason of an increase in the number of directors shall be filled by election at an annual meeting or at a special meeting of members called for that purpose.

4.05 Vacancies. Any vacancy occurring in the Board of Directors may be filled by either the Board of Directors or the members. A vacancy is filled by the affirmative vote of a majority of the remaining directors, even if it is less than a quorum of the Board of Directors or there is a sole remaining director. A vacancy is filled by the affirmative vote of a majority of the members present

in person or by proxy at a meeting called for such purpose. A director elected to fill a vacancy shall be elected for the unexpired term of the predecessor in office.

4.06 Annual Meeting. The annual meeting of the Board of Directors may be held without notice other than these By-laws. The annual meeting of the Board of Directors shall be held immediately after, and at the same place as, the annual meeting of members.

4.07 Regular Meetings. The Board of Directors may provide for regular meetings by resolution stating the time and place of such meetings. The meetings may be held anywhere within the State of Texas, and shall be held at the office of the management company for the Corporation or, if none, at the principal office of the Corporation if the resolution does not specify the location of the meetings. No notice of regular meetings of the Board is required other than a resolution of the Board of Directors stating the time and place of the meetings.

4.08 Special Meetings. Special meetings of the Board of Directors may be called by or at the request of two directors. A person or persons authorized to call special meetings of the Board of Directors may fix any place within Texas as the place for holding a special meeting. 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 these By-laws.

4.09 Notice. Written or printed notice of any special meeting of the Board of Directors shall be delivered to each director not less than three nor more than thirty days before the date of a special meeting. The notice shall state the place, day and time of the meeting and the purpose or purposes for which the meeting is called.

4.10 Quorum. A majority of the then positions on the board of directors, but in no event less than two, shall constitute a quorum for the transaction of the affairs of the Corporation at any meeting of the Board of Directors. Directors present by proxy shall not be counted toward a quorum. The act of a majority of the directors present in person or by proxy at a duly called or held meeting at which a quorum is present shall be the act of the Board of Directors. Thereafter, if enough directors leave the meeting so that less than a quorum remains, the remaining directors may continue to transact the affairs of the Corporation. If a quorum is present at no time during a meeting, a majority of the directors present may adjourn and reconvene the meeting as many times as may be necessary without further notice except announcement at the meeting, until a quorum as aforesaid shall be present or represented. A director who is present at a meeting and abstains from a vote is not considered to be present and voting for the purpose of determining the decision of the Board of Directors. No proxy shall be valid after three months from the date of its execution.

4.11 Duties and Powers of Board of Directors. In addition to those powers provided by the Texas Business Organizations Code and other applicable law, as well as by the Certificate of Formation, the Board of Directors shall have the power to:

(a) adopt and publish rules and regulations governing the use of the Common Areas as defined in the Declaration;

(b) exercise for the Corporation all powers, duties and authority vested in or delegated to the Corporation, and not reserved to the membership by other provisions of these By-laws, the Certificate of Formation, the Declaration or applicable law;

(c) declare the office of a director to be vacant in the event such director shall be absent from three consecutive regular meetings of the Board of Directors;

(d) employ managers, independent contractors or such other employees as the Board of Directors deems necessary, and to prescribe their duties;

(e) cause lots to be maintained as called for in the Declaration; and

(f) enforce or cause to be enforced all provisions of the Declaration.

The Board of Directors shall have the duty to:

(a) keep a complete record of all its acts and corporate affairs and present a statement thereof to the members at the annual meeting of the members, or at any special meeting of the members when such statement is requested in writing by that number of members sufficient to call a special meeting as provided in paragraph 3.02 above;

(b) supervise all officers, agents and employees of the Corporation, and see that their duties are properly performed;

(c) as more fully provided in the Declaration:

(1) fix the amount of the annual and any special assessment against each lot at least thirty days in advance of each annual assessment period or special assessment date;

(2) send written notice of each assessment to every member subject thereto in advance of each annual assessment period or special assessment date;

(3) collect all assessments owing on each lot, including bringing an action at law against each member personally obligated to pay such assessments and foreclosing the lien against the lot for which such assessments are not paid;

(d) issue, or cause to be issued, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board of Directors for the issuance of such certificates. If a certificate states that an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(e) procure and maintain adequate liability and hazard insurance on property owned by the Corporation as the Board of Directors deems appropriate;

(f) procure and maintain adequate liability insurance for directors and officers of the Corporation as the Board of Directors deems appropriate;

(g) cause all officers and employees having fiscal responsibilities to be bonded as the Board of Directors deems appropriate; and

(h) operate, maintain and otherwise manage the Common Areas and Common Facilities as defined in the Declaration, including landscaping thereon.

Each of the foregoing powers and duties may be exercised by the Board of Directors or any person authorized by the Board of Directors.

A director shall discharge the director's powers and duties in good faith, with ordinary care, and in a manner the director reasonably believes to be in the best interest of the Corporation and not unlawful. A director shall not be liable to the Corporation, any member, or any other person for any action taken or not taken as a director if the director acted in good faith, with ordinary care and in a manner that the director reasonably believes to be in the best interest of the Corporation. A director may in good faith rely on information, opinions, reports or statements, including financial statements and other financial data, concerning the Corporation or another person or entity that were prepared or presented by (1) one or more of the officers or employees of the Corporation, (2) legal counsel, public accountants or other persons as to matters the director reasonably believes are within the person's professional or expert competence, and (3) a committee of the board of directors of which the director is not a member.

4.12 Removal of Directors. The Board of Directors and members 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 and noticed following the procedures provided in these By-laws.

## ARTICLE 5. OFFICERS

5.01 Officer Positions. The officers of the Corporation shall be a president, one or more vice presidents, a secretary, and a treasurer, and shall be selected from among the directors of the Corporation. The Board of Directors may, by resolution or amendment to these By-laws, create additional officer positions and define the authority and duties of each such position, and may elect or appoint persons to fill the positions. Any two or more offices may be held by the same person, except the offices of president and secretary.

5.02 Election and Term of Office. The officers of the Corporation shall be elected annually by the Board of Directors at the regular meeting of the Board of Directors. If the election of officers is not held at this meeting, the election shall be held promptly thereafter. Each officer shall hold office for a term of one year until such officer shall sooner resign, be removed or otherwise be disqualified to serve. An officer may be elected to succeed himself or herself in the same office.

5.03 Removal. Any officer elected or appointed by the Board of Directors may be removed by the Board of Directors, with or without good cause, whenever in the Board of Directors' judgment the best interests of the Corporation will be served thereby. The removal of an officer shall be without prejudice to the contract rights, if any, of the officer.

5.04 Vacancies. A vacancy in any office may be filled by the Board of Directors for the unexpired portion of the officer's term.

5.05 President. The president shall be the chief executive officer of the Corporation. The president shall supervise and control all of the affairs of the Corporation. The president shall preside at all meetings of the members and of the Board of Directors. The president may execute any deeds, mortgages, bonds, contracts or other instruments that the Board of Directors have 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, these By-laws or statute. The president shall perform other duties prescribed by the Board of Directors and all duties incident to the office of president.

5.06 Vice President. When the president is absent, is unable to act, or refuses to act, a vice president shall 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 length of time in office. A vice president shall perform other duties as assigned by the president or the Board of Directors.

5.07 Treasurer. The treasurer shall:

- (a) Have charge and custody of and be responsible for all funds and securities of the Corporation.
- (b) Receive and give receipts for moneys due and payable to the Corporation from any source.
- (c) Deposit all moneys in the name of the Corporation in banks, trust companies or other depositories as provided in these By-laws or as directed by the Board of Directors or president.
- (d) Write checks and disburse funds to discharge obligations of the Corporation. Funds may not be drawn from the Corporation or its accounts for amounts greater than \$5,000.00 without the signature of the president or a vice president in addition to the signature of the treasurer.
- (e) Maintain the financial books and records of the Corporation.
- (f) Prepare financial reports at least annually.



- (g) 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 surety as determined by the Board of Directors.
- (i) Perform all of the duties incident to the office of treasurer.

5.08 Secretary. The secretary shall:

- (a) Give all notices as provided in these By-laws or as required by law.
- (b) Take minutes of the meetings of the members and of the Board of Directors and keep the minutes as part of the corporate records.
- (c) Maintain custody of the corporate records and the seal of the Corporation.
- (d) Affix the seal of the Corporation to all documents as authorized.
- (e) Keep a register of the mailing address of each member, director, officer and employee of the Corporation.
- (f) Perform duties as assigned by the president or by the Board of Directors.
- (g) Perform all duties incident to the office of secretary.

## ARTICLE 6. COMMITTEES

6.01 Establishment of Committees. The Board of Directors may adopt a resolution establishing one or more committees delegating specified authority to a committee, and appointing or removing members of a committee. A committee may consist of any one or more persons, including persons who are not directors. If the Board of Directors delegates any of its 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 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 upon the Board of Directors or the individual director by these By-laws or other law. No committee shall have the authority of the Board of Directors to:

- (a) Amend the Certificate of Formation.
- (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 these By-laws.
- (h) Elect, appoint or remove a member of a committee or 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 7.04 below.
- (j) Take any action outside the scope of authority delegated to it by the Board of Directors.
- (k) Take final action on a matter that requires approval of the members.

#### ARTICLE 7. ACTIONS OF THE CORPORATION

7.01 Purposes and Powers. The Corporation shall have any and all powers which are necessary or desirable to carry out the purposes and affairs of the Corporation as set forth in the Certificate of Formation or as otherwise granted by applicable law, and to the extent the same are granted to and may be exercised by non-profit corporations under the Act or other law for the purpose of operating as a property owners association.

7.02 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.

7.03 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.

7.04 Potential Conflicts of Interest. The Corporation shall not make any loan to a director or officer of the Corporation. A member, director, officer or committee member of the Corporation may lend money to and otherwise transact business with the Corporation except as otherwise provided by these By-laws, the Certificate of Formation, and all applicable laws. Such a person transacting business with the Corporation has the same rights and obligations relating to those matters as other persons transacting business with the Corporation. The Corporation shall not borrow money from or otherwise transact business with a member, director, officer or committee member of the Corporation unless the transaction is described fully in a legally binding instrument and is in the best interests of the Corporation. The Corporation shall not borrow money from or otherwise transact business with a director, officer or committee member of the Corporation without

full disclosure of all material facts and without the approval of the Board of Directors, not including the vote of any person having a personal interest in the transaction.

7.05 Prohibited Acts. As long as the Corporation is in existence, except with the prior approval of the Board of Directors, no member, director, officer or committee member of the Corporation shall:

- (a) Do any act in violation of these By-laws 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 affairs of the Corporation.
- (d) Receive an improper personal benefit from the operation of the Corporation.
- (e) Use the assets of the Corporation, directly or indirectly, for any purposes other than carrying on the affairs of the 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 trademark or trade name adopted by the Corporation, except on behalf of the Corporation in the ordinary course of the Corporation's affairs.

## 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 Certificate of Formation, 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 these By-laws and any prior version thereof.
- (c) Minutes of the proceedings of the members, 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 members, 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 three 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. Any member, director or officer of the Corporation may, on written demand, examine and copy, in person or by agent, accountant or attorney, at any reasonable time, for any proper purposes, the books and records of the Corporation relevant to that purpose, at the expense of the member, director or officer. The Board of Directors may establish reasonable fees for copying the Corporation's books and records, not to exceed fifteen cents per page or actual cost, whichever is greater. The Corporation shall provide requested copies of books and records no later than five working days after the Corporation's receipt of a proper written request.

8.03 Audits. Any member shall have the right to have an audit conducted of the Corporation's books. The member requesting the audit shall bear the expense of the audit unless the members vote to authorize payment of audit expenses. The member requesting the audit may select the firm to conduct the audit. A member may not exercise these rights to compel audits so as to subject the Corporation to an audit more than once in any fiscal year.

## ARTICLE 9. FISCAL YEAR

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

## ARTICLE 10. INDEMNIFICATION

10.01 (a) When Indemnification is Required, Permitted and Prohibited. The Corporation shall indemnify a director, officer, committee member, employee or agent of the Corporation who was, is or may be a 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. For the purpose 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 conducted himself or herself in good faith and reasonably believed that the conduct was in the Corporation's best interests. In the case of a criminal proceeding, the person may be indemnified only if he or she also had no reasonable cause to believe that the conduct was unlawful. The Corporation shall not indemnify a person who is found liable to the Corporation or is found liable to another on the basis of improperly receiving a personal

benefit. A person is conclusively considered to have been found liable in relation to any claim, issue or matter if the person has been adjudged liable by a court of competent jurisdiction 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) 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 these By-laws 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 wilful or intentional misconduct.

(f) If the Corporation may indemnify a person under these By-laws, the person may be indemnified against judgments, penalties, including excise and similar taxes, fines, settlements and reasonable expenses (including attorneys' 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 (a) Procedures Relating to Indemnification Payments. Before the Corporation may pay any indemnification expenses (including attorneys' 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 paragraph 10.02(c) below. The Corporation may make these determinations and decisions by any one of the following procedures:

- (i) Majority vote of a quorum consisting of directors who, at the time of the vote, are not named defendants or respondents in the proceeding;
- (ii) If such a quorum cannot be obtained, by a majority vote of a committee of the Board of Directors designated to act in the matter by a majority vote of all directors, consisting solely of two or more directors who at the time of the vote are not named defendants or respondents in the proceeding;

- (iii) Determination by a special legal counsel selected by the Board of Directors by vote as provided in paragraphs 10.02(a)(i) or 10.02(a)(ii) or, if such quorum cannot be obtained and such a committee cannot be established, by a majority vote of all directors; or
- (iv) Majority vote of members, excluding directors who are named defendants or respondents in the proceeding.

(b) The Corporation shall authorize indemnification and determine that expenses to be reimbursed are reasonable in the same manner that it determined whether indemnification is permissible. If the determination that indemnification is permissible is made by special legal counsel, authorization of indemnification and determination of reasonableness of expenses shall be made in the manner specified by paragraph 10.02(a)(iii) above governing the selection of special legal counsel. A provision contained in the Certificate of Formation, these By-laws or a resolution of members or the Board of Directors that requires the indemnification permitted by paragraph 10.01 above constitutes sufficient authorization of indemnification even though the provision may not have been adopted or authorized in the same manner as the determination that indemnification is permissible.

(c) The Corporation shall pay indemnification expenses before final disposition of a proceeding only after the Corporation determines that the facts then known would not preclude indemnification and the Corporation receives a written affirmation and undertaking from the person to be indemnified. The determination that the facts then known to those making the determination would not preclude indemnification and authorization of payment shall be made in the same manner as a determination that indemnification is permissible under paragraph 10.02(a) above. The person's written affirmation shall state that he or she has met the standard of conduct necessary for indemnification under these By-laws. The written undertaking shall provide for repayment of the amount paid or reimbursed by the Corporation if it is ultimately determined that the person has not met the requirements for indemnification. The undertaking shall be an unlimited general obligation of the person, but it need not be secured and it may be accepted without reference to financial ability to make repayment.

(d) Any indemnification or advance of expenses shall be reported in writing to the members of the Corporation. The report shall be made with or before the notice or waiver of notice of the next membership meeting, or with or before the next submission to members of a consent to action without a meeting. In any case, the report shall be sent within the twelve months immediately following the date of the indemnification or advance.

## ARTICLE 11. NOTICES

11.01 Notice by Mail or Telegram. Any notice required or permitted by these By-laws to be given to a member, director, officer or member of a committee of the Corporation may be given by mail or telegram. If mailed, a notice shall be deemed to be delivered when deposited in the United States mail addressed to the person at his or her address as it appears on the records of the Corporation, with first class postage prepaid. If given by telegram, a notice shall be deemed to be

delivered when accepted by the telegraph company and addressed to the person at his or her address as it appears on the records of the Corporation. A person may change his or her address by giving written notice to the secretary of the Corporation.

11.02 Signed Waiver of Notice. Whenever any notice is required to be given under the Act, the Certificate of Formation or these By-laws, a waiver in writing signed by a person entitled to receive such 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 Telephone or Other Technology. The Board of Directors, members and any committee of the Corporation may participate in and hold a meeting (1) by conference telephone or similar communications equipment by which all persons participating in the meeting can hear each other; and (2) by another suitable electronic communications system, including videoconferencing technology or the Internet, if each member entitled to participate in the meeting consents to the meeting being held by means of that system and the system provides access to the meeting in a manner or using a method by which each member participating in the meeting can communicate concurrently with each other participant. Any notice of a meeting to be held by conference telephone or such other electronic communications system must state the fact that the meeting will be held by such system as well as any other matters required to be included in the notice. Participation of a person in a meeting pursuant to this paragraph shall constitute presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting was not lawfully called or convened.

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; or
- (c) The proxy authority expires under the terms of these By-Laws.

### ARTICLE 13. AMENDMENTS TO BY-LAWS

13.01 These By-laws may be altered, amended or repealed, and new by-laws may be adopted, either by the membership or the Board of Directors. The notice of any meeting at which these By-laws are altered, amended or repealed, or at which new by-laws are adopted, shall include the text of the proposed by-law provisions as well as the text of any existing provisions proposed to be altered, amended or repealed. Alternatively, the notice may include a fair summary of those provisions.

### ARTICLE 14. RESOLUTION OF DISPUTES

**14.01 IN ANY DISPUTE, CONTROVERSY OR CLAIM BY, AMONG OR BETWEEN MEMBERS OR DIRECTORS INVOLVING, CONCERNING, ARISING OUT OF OR RELATING TO THE CORPORATION OR THESE BY-LAWS, BUT EXCEPTING CLAIMS BROUGHT TO ENFORCE THESE BY-LAWS, THE DECLARATION OR ANY PROVISION OF EITHER OR BOTH, ALL PARTIES INVOLVED SHALL COOPERATE IN GOOD FAITH TO RESOLVE THE DISPUTE. IF THE PARTIES CANNOT RESOLVE THE DISPUTE BETWEEN THEMSELVES, THEY SHALL COOPERATE TO SELECT ONE OR MORE MEDIATORS TO HELP RESOLVE THE DISPUTE. IF NO TIMELY RESOLUTION OF THE DISPUTE OCCURS THROUGH MEDIATION (INCLUDING, BUT NOT LIMITED TO A MEMBER'S REFUSAL TO APPEAR OR PARTICIPATE AT MEDIATION), SUCH DISPUTE SHALL BE RESOLVED BY BINDING ARBITRATION AS DESCRIBED IN TEXAS CIVIL PRACTICES AND REMEDIES CODE CH. 173 IN ACCORDANCE WITH THE RULES THEN IN EFFECT OF THE AMERICAN ARBITRATION ASSOCIATION, AND JUDGMENT UPON THE AWARD ENTERED MAY BE ENFORCED IN ANY COURT HAVING JURISDICTION THEREOF. THE ARBITRATOR SHALL BE APPOINTED BY THE AMERICAN ARBITRATION ASSOCIATION'S OFFICE IN HOUSTON, TEXAS IF AN ARBITRATOR CANNOT OTHERWISE BE AGREED UPON. THE FEES FOR SUCH ARBITRATION SHALL BE DIVIDED EQUALLY AMONG THE REAL PARTIES IN INTEREST TO THE DISPUTE.**

### ARTICLE 15. MISCELLANEOUS PROVISIONS

15.01 Legal Authorities Governing Construction of By-Laws. These By-laws shall be construed in accordance with the laws of the State of Texas and the Certificate of Formation of the Corporation, and in a manner not inconsistent with the Certificate of Formation of the Corporation. All references in these By-laws to statutes, regulations or other sources of legal authority shall refer to the authorities cited as they may hereafter be amended from time to time. In the event of any conflict between the Declaration, the Certificate of Formation and these By-laws, the Declaration shall control over the Certificate of Formation and these By-laws, and the Certificate of Formation shall control over the By-laws.

15.02 Legal Construction. If any By-law provision is held to be invalid, illegal or unenforceable in any respect, the invalidity, illegality or unenforceability shall not affect any other



provision and these By-laws shall be construed as if the invalid, illegal or unenforceable provision had not been included in these By-laws.

15.03 Headings. The headings used in these By-laws are used for convenience and shall not be considered in construing the terms of these By-laws.

15.04 Gender. Whenever the context requires, all words in these By-laws in one gender shall be deemed to include every other gender, all singular words shall include the plural, and all plural words shall include the singular.

15.05 Seal. The Board of Directors may provide for a corporate seal. Such a seal shall contain the words "Seagrass Beach POA."

15.06 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.

15.07 Parties Bound. These By-laws shall be binding upon and inure to the benefit of the members, 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 these By-laws.

CERTIFICATE OF SECRETARY

I certify that I am the duly elected and acting secretary of Seagrass Beach POA, and that the foregoing By-laws constitute the by-laws of the Corporation. These By-laws were duly adopted by the Board of Directors by written consent pursuant to the provisions of the Texas Business Organizations Code on 12/7/2015.

DATED: 6/10/2016

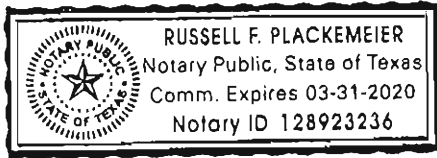
  
\_\_\_\_\_  
Secretary of the Corporation

STATE OF TEXAS )

COUNTY OF GALVESTON )

On the 10<sup>th</sup> day of June, 2016, before me, the undersigned Notary Public, personally appeared **Bradley B. Ballard**, in his capacity as Secretary of Seagrass Beach POA, a Texas non-profit corporation.

Given under my hand and seal of office this 10<sup>th</sup> day of June, 2016.



Russell F. Plackemeier  
Notary Public, State of Texas  
My commission expires: 3/31/2020



## Office of the Secretary of State

### CERTIFICATE OF FILING OF

Seagrass Beach POA  
File Number: 802349772

The undersigned, as Secretary of State of Texas, hereby certifies that a Certificate of Formation for the above named Domestic Nonprofit Corporation has been received in this office and has been found to conform to the applicable provisions of law.

ACCORDINGLY, the undersigned, as Secretary of State, and by virtue of the authority vested in the secretary by law, hereby issues this certificate evidencing filing effective on the date shown below.

The issuance of this certificate does not authorize the use of a name in this state in violation of the rights of another under the federal Trademark Act of 1946, the Texas trademark law, the Assumed Business or Professional Name Act, or the common law.

Dated: 12/07/2015

Effective: 12/07/2015



A handwritten signature in black ink, appearing to read "Cascos".

Carlos H. Cascos  
Secretary of State

CERTIFICATE OF FORMATION  
FOR  
SEAGRASS BEACH  
POA

**FILED**  
In the Office of the  
Secretary of State of Texas  
**DEC 07 2015**  
**Corporations Section**

The undersigned, being a natural person of 18 years of age or more, acting as incorporator of a non-profit corporation under the Texas Business Organizations Code, does hereby adopt this Certificate of Formation for Seagrass Beach POA:

ARTICLE I

The name of the corporation is Seagrass Beach POA ("Corporation").

ARTICLE II

The Corporation is a non-profit corporation organized pursuant to the Texas Business Organizations Code.

ARTICLE III

The purposes for which the Corporation is organized are to serve as a homeowners association for the residential community known as Seagrass, a subdivision in Galveston County, Texas, including any area hereafter created by the addition and annexation of additional property thereto (collectively, "Subdivision"), and all matters appurtenant thereto, including but not limited to: (1) owning and maintaining common areas and enforcing covenants to preserve the appearance of the Subdivision; (2) promoting the health, safety and welfare of the residents within the Subdivision; (3) exercising the powers and privileges and performing the duties and obligations as set forth in the deed restrictions applicable to the Subdivision ("Restrictions"); (4) fixing, levying, collecting and enforcing payment by any lawful means of charges and assessments pursuant to the terms of the Restrictions, and paying all expenses in connection therewith, all office and other expenses incident to the conduct of the affairs of the Corporation, and all licenses, taxes and other governmental charges levied or imposed against the property of the Corporation; (5) acquiring, owning, holding, improving, building upon, operating, maintaining, conveying, selling, leasing,

transferring, dedicating for the public use, or otherwise disposing of real or personal property in connection with the affairs of the Corporation; (6) borrowing money, and mortgaging, pledging, or hypothecating any or all of its real or personal property as security for borrowed money or debts incurred; (7) dedicating, selling or transferring all or any part of any common area of the property of the Corporation to any public agency, authority, utility company or governmental entity; (8) participating in mergers and consolidations with other non-profit corporations organized for the same purposes or adding or annexing additional property or common area to the Subdivision; and (9) exercising such other lawful powers, rights and privileges which a corporation organized under the Texas Business Organizations Code for the purpose of operating as a property owners association may now or hereafter have or exercise.

#### ARTICLE IV

The initial registered agent of the Corporation is Russell F. Plackemeier, and the street address of the initial registered office of the Corporation is 518 9<sup>th</sup> Avenue North, Texas City, Texas 77590.

#### ARTICLE V

Management of the affairs of the Corporation is vested in the board of directors. The number of directors that constitutes the initial board of directors is three, and the names and addresses of the persons who are to serve as directors until the first annual meeting of the members or until their successors are elected and qualified are as follows:

Brad Ballard	Lee D. Wrinkle	William M. Hartman
1709 Hunters Trail	1100 Cowards Creek Lane	506 Sunpark
Friendswood, TX 77546	Friendswood, TX 77546	Friendswood, TX 77546

The number of directors may be changed by amendment of the by-laws of the Corporation or by resolution of the board of directors, but in no event shall the directors number less than three, and the quorum of the board of directors shall always be a majority of the then positions on the board of directors.

#### ARTICLE VI

The membership of the Corporation consists of the owners of record of all lots within the Subdivision; lienholders shall not be considered owners. The owners of record of lots within the Subdivision shall consist of two classes. Class A members shall be all owners except for Class B members. In the instance of Class A members, when more than one person holds an ownership interest in any lot, all of such persons shall be members and the vote with respect to such lot shall be exercised as the owners of such lot among themselves determine, but in no event shall there be more than one vote with respect to any one lot. The sole Class B member(s) shall be Seagrass Beach LLC, a Texas limited liability company, or its assigns, who shall be entitled to five votes for each lot owned by it in the Subdivision. The Class B membership shall cease and be converted to Class A membership on the happening of the earliest of the following events: (a) when all of the lots in the subdivision are deeded to property owners, (b) June 15, 2045, or (c) such earlier date as the Class B member agrees thereto; except that the Class B membership and the concomitant five votes for each lot owned by the Class B membership in the Subdivision shall be reinstated upon each event of addition and annexation as provided in Article VII below.

#### ARTICLE VII

Additional properties may, from time to time, be joined with those properties constituting the Subdivision as of the date hereof and thereby be added and annexed into the Subdivision and the

jurisdiction of the Corporation. The owners of such properties shall be entitled to all rights and privileges, and be responsible for all duties and obligations, hereunder and under the Restrictions and the by-laws of the Corporation. Any such addition and annexation requested by Seagrass Beach LLC or its assigns shall not require the assent of any of the members or directors of the Corporation, and each such addition and annexation, regardless of number of lots involved or the frequency of request, shall be approved and completed by the Board of Directors of the Corporation upon the written request of Seagrass Beach LLC or its assigns. All other additions and annexations shall require only the approval of a majority of the Board of Directors of the Corporation; no approval of the membership of the Corporation shall be required.

#### ARTICLE VIII

The members or the directors of the Corporation, or a committee of the directors of the Corporation, may take action without holding a meeting, providing notice, or taking a vote if each person entitled to vote on the action signs and delivers a written consent or consents stating the action taken. An action so approved by written consent or consents has the effect of an approval by a unanimous vote at a meeting.

Any action required to be taken at a meeting of the directors of the Corporation, and any action that may be taken at a meeting of the directors or a committee of the Corporation, may be taken without a meeting if a written consent, stating the action to be taken, is executed and delivered by the number of directors or committee members necessary to take that action at a meeting at which all of the directors or committee members were present and voted.

Any action required to be taken at a meeting of the members of the Corporation may be taken, without holding a meeting, providing notice, or taking a vote, if members of the Corporation having at least the minimum number of votes that would be necessary to take the

action that is the subject of the consent at a meeting, in which each owner or member entitled to vote on the action is present and votes, sign and deliver a written consent or consents stating the action taken.

An action required by chapter. 22, Texas Business Organizations Code, to be taken at a meeting of the Corporation's directors, or an action that may be taken at a meeting of the directors or a committee of the directors, may be taken without a meeting if a written consent, stating the action to be taken, is signed and delivered by the number of directors or committee members necessary to take that action at a meeting at which all of the directors of committee members are present and voting.

#### ARTICLE IX

The name and address of the incorporator is Russell F. Plackemeier, 518 9<sup>th</sup> Avenue North, Texas City, Texas 77590.

#### ARTICLE X

This document becomes effective when filed by the Secretary of State.

#### ARTICLE XI

The undersigned signs this document subject to the penalties imposed by law for the submission of a materially false or fraudulent instrument.

IN WITNESS WHEREOF, I have hereunto set my hand this 4<sup>th</sup> day of December, 2015.

  
Russell F. Plackemeier



## FILED AND RECORDED

Instrument Number: *2016035183*

Recording Fee: 118.00

Number Of Pages: 25

Filing and Recording Date: 06/13/2016 5:12PM

I hereby certify that this instrument was FILED on the date and time stamped hereon and RECORDED in the OFFICIAL PUBLIC RECORDS of Galveston County, Texas.



*Dwight D. Sullivan*

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Dwight D. Sullivan, County Clerk  
Galveston County, Texas

NOTICE: It is a crime to intentionally or knowingly file a fraudulent court record or instrument with the clerk.

**DO NOT DESTROY** - *Warning, this document is part of the Official Public Record.*