

**BYLAWS OF THE TEXAS WINE AND GRAPE GROWERS ASSOCIATION, Inc.**

These Bylaws govern the affairs of The Texas Wine and Grape Growers Association, a 501(c ) (6) trade association with tax exempt status incorporated on May 5, 1995.

**ARTICLE 1  
OFFICES**

**Principal Office**

1.01 The Corporation's principal office in Texas will be located at 701 S. Main St.; Grapevine, TX. The Corporation may have such other offices, in Texas or elsewhere, as the Board of Directors may determine. The Board may change the location of any office of the Corporation.

**Registered Office and Registered Agent**

1.02 The Corporation will maintain a registered office and registered agent in Texas. The registered office may, but need not, be identical with the Corporation's principal office in Texas. The Board may change the registered office and the registered agent as permitted in the Texas Non-Profit Corporation Act.

**ARTICLE 2  
MEMBERSHIP**

**Classes of Membership**

2.01 The Corporation will have two classes of members - voting and non-voting. Commercial winemakers in the state of Texas, commercial grape growers in the state of Texas, educators at institutions of higher learning and vendors to the commercial wine and grape industry residing in the state of Texas are eligible for voting memberships of the Corporation. All other interested parties will be non-voting members of the Corporation. Each time the board adjusts the classes of membership, a board directive will be placed in the corporate record separate from the minutes of the meeting and immediately behind the most recent board directive. Board directives shall be kept immediately behind the bylaws section of the corporate record.

**Admitting Members and Renewing Membership**

2.02 Business entities and persons may be admitted to membership in the Corporation by the Board. The Board may adopt and amend application procedures and qualifications for membership in the Corporation. An affirmative vote of the majority of the Directors present and voting is required for admitting any applicant who meets the membership qualifications then in effect. A member may renew membership by paying all required fees and dues.

**Membership Fees and Dues**

2.03 The Board may set and change the amount of the annual dues payable to the Corporation by voting members. The executive committee may set and change the amount of the annual dues payable to the Corporation by non-voting members. Each time the board adjusts the membership dues and fees, a board directive will be placed in the corporate record separate from the minutes of the meeting and immediately behind the most recent board directive. Board directives shall be kept immediately behind the bylaws section of the corporate record.

### **Voting Rights**

2.04 Commercial vineyard and commercial winery members are entitled to the number of votes set by the Board based on the number of producing vineyard acres or the total gallons of wine produced each year. Educators and vendors to the industry receive one vote. Each time the board adjusts the voting rights of members, a board directive will be placed in the corporate record separate from the minutes of the meeting and immediately behind the most recent board directive. Board directives shall be kept immediately behind the bylaws section of the corporate record.

### **Resolving Disputes**

2.05 In any dispute between members relating to the Corporation's activities, all parties involved will cooperate in good faith to resolve the dispute. If the parties cannot resolve a dispute among themselves, they will cooperate to select one or more mediators to help resolve it. If no timely resolution of the dispute occurs through mediation, any party may demand binding arbitration as described in civil Practice and Remedies Code Section 171.00 or 171.02 only if the parties have met together with a mediator. This paragraph will apply to a dispute involving the Corporation as a party relating to the sanctioning, suspending, or expelling a member from the Corporation. The Board has discretion to authorize using corporate funds for mediating or arbitrating a dispute described in this paragraph.

### **Sanctioning, Suspending, or Terminating Members**

2.06 The Board may impose reasonable sanctions on a member, or suspend or expel a member from the Corporation, for good cause after a hearing. Good cause includes defaulting on an obligation to the Corporation to pay fees or dues for a period of thirty days following delivery of notice, or a material and serious violation of the Corporation's articles of incorporation, bylaws, or rules or of law. The Board may delegate powers to a regular or ad hoc committee to conduct a hearing, make recommendations to the Board, or take action on the Board's behalf. The Board, or a committee designated by the Board to handle a matter involving sanctioning, suspension, or expulsion 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 must be in writing and delivered at least 14 days before the hearing. But shorter notice may be deemed adequate if the Board determines that the need for a timely hearing outweighs the prejudice caused to the member and if the notice states the need for a timely hearing. If mailed, the notice will be sent by registered or certified mail, return receipt requested. A member may be represented by counsel at and before the hearing. The Board may impose sanctions suspend a member, or expel a member by vote of a majority of directors who are present and voting.

### **Resignation**

2.07 Any member may resign from the Corporation by submitting a written resignation to the secretary. The resignation need not be accepted by the Corporation to be effective. A member's resignation will not relieve him or her of any obligations to pay any dues, assessments, or other charges

that had accrued and were unpaid before the effective date of the resignation.

#### **Reinstatement**

2.08 A former member may submit a written request for reinstatement of membership. The Board may reinstate membership on any reasonable terms that the Board deems appropriate.

#### **Transferring Membership**

2.09 Membership in the Corporation is not transferable or assignable. Membership terminates when the Corporation dissolves or a member dies. Membership is not a property right that may be transferred after a member dies.

#### **Waiving Interest in Corporate Property**

2.10 The Corporation owns all real and personal property, including all improvements located on the property, acquired by the Corporation. A member has no interest in specific property of the Corporation. Each member waives the right to require partition of all or part of the Corporation's property.

### **ARTICLE 3 MEETINGS OF MEMBERS**

#### **Annual Meeting**

3.01 The Board will hold an annual members' meeting each year at a time designated by the Board. At the annual meeting, the members will transact any business that may come before the meeting.

#### **Special Meetings**

3.02 Special meetings of the members may be called by the president, a majority vote of the Board, or not less than one-sixth of the voting members.

#### **Place of Meeting**

3.03 The Board may designate any place, inside Texas, as the place of meeting for any annual meeting or for any special meeting called by the Board. If the Board does not designate the place of meeting, the meeting will be held at the Corporation's registered office in Texas.

#### **Notice of Meetings**

3.04 Written or printed notice of any members' meeting, including the annual meeting, will be delivered to each member entitled to vote at the meeting not less than 10 - nor more than 60 - days before the date of the meeting and include the purpose of the meeting. Notice will be given by or at the direction of the president or secretary, or the officers or persons calling the meeting. If all of the members meet and consent to holding a meeting, any corporate action may be taken at the meeting regardless of lack of proper notice.

#### **Eligibility to Vote at Members' Meeting**

3.05 A member in good standing is entitled to vote at a meeting of the members of the corporation. A member in good standing is one who has paid all required fees and dues.

### **Quorum**

3.06 Members holding one-tenth of the votes that may be cast at a meeting who attend the meeting in person or by proxy will constitute a quorum at a meeting of members. The members present at a duly called or held meeting at which a quorum is present may continue to transact business, even if enough members leave so that less than a quorum remains. However, no action may be approved without the vote of at least a majority of the number of members required for a quorum. If a quorum is not present at any time during a meeting, a majority of the members who are present may adjourn and reconvene the meeting once without further notice.

### **Actions of Membership**

3.07 The membership will try to act by consensus. However, if a consensus is not available on a matter or proposal, the vote of a majority of voting members in good standing, present and entitled to vote at a meeting at which a quorum is present is enough to constitute the act of the membership unless law or the bylaws require a greater number. Voting will be by ballot or voice, except that any election of directors will be by ballot if demanded by any voting member at the meeting before the voting begins.

### **Proxies**

3.08 A member entitled to vote at a meeting of members of the Corporation may vote by proxy. All proxies must be in writing, bear the signature of the member giving the proxy, and must specify the date on which they are executed. No proxy is valid after 11 months from the date of its execution, unless the proxy specifically states a later date. Proxies are not valid if they purport to be valid for more than two years from their date of execution.

## **ARTICLE 4 BOARD OF DIRECTORS**

### **Management of Corporation**

4.01 The Board will manage corporate affairs.

### **Number, Qualifications and Tenure of Directors**

4.02 The number of Directors will be 18. Directors must be voting members of the Corporation. Each director will serve for a term of two years. The directors' terms will be staggered so that the terms of directors from even-numbered regions (see attachment) will begin in even-numbered years; the terms of the directors from odd-numbered regions, in odd-numbered years.

### **Nominating Directors**

4.03 No later than ninety (90) days prior to the annual meeting of members, the regional directors in each region shall jointly agree upon and appoint a Regional Nominating Committee composed of three (3) voting members from their respective regions. Each nominating committee will consider possible nominees and present a ballot of nominees to the corporate office sixty (60) days prior to the annual meeting. Each year all Regional Nominating Committees will submit nominees for president-elect, secretary and treasurer. In the event any at-large director

terms of office are expiring, all Regional Nominating Committees will also submit nominees for those positions. In the event the regional vineyard and winery director terms of office are expiring, only the respective Regional Nominating Committees will submit nominees for those positions.

#### **Electing Directors**

4.04 Nominees from each regional nominating committee will be included in a mail ballot and distributed to appropriate members sixty days prior to the annual meeting. Ballots will be distributed with two reply envelopes; one inner blank envelope to protect voting privacy, and one outer envelope with a signature line on the reverse side to verify membership. The ballots shall be returned to the Corporation by mail no later than 30 days prior to the annual meeting each year. Upon arrival in the office, signatures will be verified for voting eligibility, and the outer signed envelope shall be opened and discarded. Ballots will be counted by the Past-President, or a member appointed by the Past-President, and will not be removed from the inner blank envelopes until the day of ballot counting. Directors will be elected by vote of the membership. Each director will hold office until a successor is elected and qualifies. A director may be elected to succeed himself or herself as director.

Directors and Officers elected shall be installed at the annual meeting and will assume office at the beginning of the meeting. In electing directors, members may not cumulate their votes by giving one candidate as many votes as the number of directors to be elected or by distributing the same number of votes among any number of candidates.

#### **Vacancies**

4.05 The executive committee will fill any vacancy in the Board and any director position to be filled due to an increase in the number of directors. A vacancy is filled by the affirmative vote of a majority of the executive committee, even if it is less than a quorum of the executive committee, or if it is a sole remaining director. A director selected to fill a vacancy will serve for the unexpired term of his or her predecessor in office.

#### **Annual Meeting**

4.06 The time and place of the annual meeting shall be set by the President-Elect.

#### **Regular Meetings**

4.07 The time and place of regular meetings shall be set by the President. The Board shall meet a minimum of three times each year, including the annual meeting, but not including special meetings.

#### **Special Meetings**

4.08 Special Board meetings may be called by, or at the request of, the president or a majority of the Board. A person or persons authorized to call special meetings of the Board may fix any place inside Texas as the place for holding a special meeting. The person or persons calling a special meeting will inform the secretary of the corporation of the information to be included in the notice of the meeting. The secretary of

the Corporation will give notice to the directors as these Bylaws require.

#### **Notice**

4.09 Written or printed notice of any meeting of the Board will be delivered to each Board member not less than fourteen, nor more than 60 days before the date of the meeting. The notice will state the place, day, and time of the meeting; who called it; and the purpose or purposes for which it is called.

#### **Quorum**

4.10 A majority of the number of directors then in office constitutes a quorum for transacting business at any Board meeting. The Board members present at a duly called or held meeting at which a quorum is present may continue to transact business even if enough Board members leave the meeting so that less than a quorum remains. However, no action may be approved without the vote of at least a majority of the number of Board members required for a quorum. If a quorum is never present at any time during a meeting, a majority of the Board members present may adjourn and reconvene the meeting once without further notice.

#### **Duties of Board**

4.11 Directors will discharge their duties including any duties as committee members, in good faith, with ordinary care and in a manner they reasonable believe to be in the Corporation's best interest. In this context, the term ordinary care" means the care that ordinarily prudent persons would exercise under similar circumstances. In discharging any duty imposed or power conferred on directors, directors may in, rely on information, opinions, reports, or statements, including financial statements and other financial data, concerning the Corporation or another person that has been prepared or presented by variety of persons, including officers and employees of the Corporation, professional advisors or experts such as accountants or legal counsel. A director is not relying in good faith if he or she has knowledge concerning a matter in question that renders reliance unwarranted.

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

#### **Duty to Avoid Improper Distributions**

4.12 Directors who vote for or assent to improper distributions are jointly and severally liable to the Corporation for the value of improperly distributed assets, to the extent that, as a result of the improper distribution or distributions, the Corporation lacks sufficient assets to pay its debts, obligations, and liabilities. Any distribution made when the Corporation is insolvent, other than in payment of corporate debts, or any distribution that would render the Corporation insolvent, is an improper distribution. A distribution made during liquidation without payment and discharge of or provision for payment and discharge of all known debts, obligations, and liabilities is also improper. Directors present at a Board meeting at which the improper action is taken are presumed to have assented, unless they dissent in

writing. The written dissent must be filed with the secretary of the Corporation before adjournment of the meeting in question or mailed to the secretary by registered mail immediately after adjournment.

A director is not liable if, in voting for or assenting to a distribution, the director:

(1)

relies in good faith and with ordinary care on information, opinions, reports, or statements, including financial statements and other financial data, prepared or presented by one or more officers or employees of the Corporation; legal counsel, public accountants, or other persons as to matters the director reasonably believes are within the person's professional or expert competence; or a committee of the Board of which the director is not a member;

(2)

while acting in good faith and with ordinary care, considers the Corporation's assets to be at least that of their book value; or

(3)

in determining whether the Corporation made adequate provision for paying, satisfying, or discharging all of its liabilities and obligations, relied in good faith and with ordinary care on financial statements or other information concerning a person who was or became contractually obligated to satisfy or discharge some or all of these liabilities or obligations. Furthermore, directors are protected from liability if, in exercising ordinary care, they acted in good faith and in reliance on the written opinion of an attorney for the Corporation.

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

#### **Delegating Duties**

4.13 Directors may select advisors and delegate duties and responsibilities to them, such as the full power to buy or otherwise acquire stocks, bonds, securities, and other investments on the Corporation's behalf; and to sell, transfer, or otherwise dispose of the Corporation's assets and properties at a time and for a consideration that the advisor deems appropriate. The directors have no liability for actions taken or omitted by the advisor if the Board acts in good faith and with ordinary care in selecting the advisor. The Board may remove or replace the advisor at any time and without any cause whatsoever. Without limiting the generality of the delegation authority conferred upon the Board, the Board is authorized to hire an executive director and such other employees that the Board considers reasonable and appropriate to manage the daily affairs of the Corporation.

#### **Interested Directors**

4.14 Contracts of transactions between directors, officers, or members who have a financial interest in the matter are not void or voidable

solely for that reason. Nor are they void or voidable solely because the director, officer or member is present at or participates in the meeting that authorizes the contract or transaction, or solely because the interested party's votes are counted for the purpose. However, every director with any personal interest in the transaction must disclose all material facts concerning the transaction, including all potential personal benefit and potential conflicts of interest, to the other members of the Board or other group authorizing the transaction. The transaction must be approved by a majority of the uninterested directors or other group with the authority to authorize the transaction.

#### **Actions of Board of Directors**

4.15 The Board will try to act by consensus. However, if a consensus is not available, the vote of a majority of directors present and voting at a meeting at which a quorum is present is enough to constitute the act of the Board, unless the act of a greater number is required by law or by some other provision of these Bylaws. A director who is present at a meeting and abstains from a vote is considered to be present and voting for the purpose of determining the Board's decision. For the purpose of determining the decision of the Board, a director who is represented by proxy in a vote is considered present.

#### **Proxies**

4.16 A director may vote by proxy. All proxies must be in writing, must bear the signature of the director giving the proxy and must bear the date on which the proxy was executed by the director. No proxy is valid after eleven months from the date of its execution.

#### **Compensation**

4.17 Directors may not receive salaries for their services. The Board may adopt a resolution providing for paying Board members a fixed sum and expenses of attendance, if any, for attending each Board meeting. A director may serve the Corporation in any other capacity and receive compensation for those services. Any compensation that the Corporation pays to a Board member will be reasonable and commensurate with the services performed.

#### **Removing Directors**

4.18 A majority of the Board may vote to remove a Board member at any time for good cause. Good cause for removal of a Board member includes the unexcused failure to attend three consecutive Board meetings. A meeting to consider removing a director may be called and noticed following the procedures provided in these Bylaws for a special meeting of the Board. The notice of the meeting will state that the issue of possibly removing the Board member will be on the agenda and the notice will state the proposed cause for removal. A majority of the members may vote to remove a Board member at any time with good cause.

At the meeting, the director may present evidence of why he or she should not be removed and may be represented by an attorney at and before the meeting. Also, at the meeting, the Corporation will consider possible arrangements for resolving the problems that are in the mutual interest of the Corporation and the director.

ARTICLE 5  
OFFICERS

**Officer Positions**

5.01 The Corporation's officers will be a president, a president-elect, a past president, a secretary and a treasurer. The Board may create additional officer positions, define the authority and duties of each such position, and elect or appoint persons to fill the positions. The same person may hold any two or more offices, except for president and secretary.

**Election and Term of Office**

5.02 The Corporation's officers will be elected every year by mail ballot by the members. Each officer will hold office until a successor is duly elected and qualifies. An officer may be elected to succeed him or herself in the same office no more than one time, and must be approved by 2/3 vote of the board.

**Removal**

5.03 Any officer elected or appointed by the membership may be removed by a majority vote by the Board only with good cause. Any officer elected or appointed by the membership may be removed by a majority vote by the membership without good cause. Removing an officer will be without prejudice to the officer's contractual rights, if any.

**Vacancies**

5.04 The Board may select a person to fill a vacancy in any office for the unexpired portion of the officer's term.

**President**

5.05 The president is the Corporation's chief executive officer. He or she will supervise and control all of the Corporation's business and affairs and will preside at all meetings of the members of the Board. The president may execute any deeds, mortgages, bonds, contracts, or other instruments that the Board authorizes to be executed. However, the president may not execute instruments on the Corporation's behalf if this power is expressly delegated to another officer or agent of the Corporation by the Board, these Bylaws, or statute. The president will perform other duties prescribed by the Board and all duties incident to the office of president.

Qualifications of the President are:

- a.  
Be a voting member in good standing who has held membership in the association for at least two years;
- b.  
Have served on the Board for one year; and

**President-Elect**

5.06 When the president is absent, cannot act, or refuses to act, the president-elect will perform the president's duties. When acting in the president's place, the president-elect has all the powers of - and is subject to all the restrictions on - the president. The president-elect will perform other duties as assigned by the president or the Board.

Qualifications of the President-Elect are:

- a.  
Be a member who has held membership in the Corporation for at least two years;
- b.  
Have served on the Board for one year; and

#### **Past President**

5.07 When the president and the president-elect are absent, cannot act, or refuse to act, a former past president will perform the president's duties. When acting in the president's place, the past president has all the powers of - and is subject to all the restrictions on - the president. The past president will perform other duties as assigned by the president or the Board.

Qualifications of the Past President are:

- a. Have served as president, but not current president of the Corporation.

#### **Secretary**

5.08 Qualifications of the Secretary are:

- a. Be a member who has held membership in the Corporation for at least two years; and

The duties of the Secretary shall be:

- a.  
Give all notices as provided in the Bylaws or as required by law.
- b.  
Take minutes of the meetings of the members and the Board and keep the minutes as part of the corporate records.
- c.  
Keep a register of the mailing address of each director, officer, member and employee of the Corporation.
- d.  
Perform duties as assigned by the president, Board or members.
- e.  
Perform all duties incident to the office of secretary.

### **Treasurer**

5.09 Qualifications of the Treasurer are:

a. Be a voting member in good standing who has held membership in the Corporation of at least two years; and

The duties of the Treasurer shall be:

- a. Have charge and custody of - and be responsible for - all the Corporation's funds and securities.
- b. Receive and give receipts for moneys due and payable to the Corporation from any source.
- c. Deposit all moneys in the Corporation's name in banks, trust companies, or other depositories as the Bylaws provide or as the Board or president directs.
- d. Write checks and disburse funds to discharge the Corporation's obligations - 25% of the annual budget.
- e. Maintain the Corporation's financial books and records.
- f. Prepare financial reports at least annually.
- g. Perform other duties as assigned by the president or the Board.
- h. If the Board requires, give a bond for faithfully discharging his or her duties in a sum and with a surety as determined by the Board.
- i. Perform all of the duties incident to the office of treasurer.

### **ARTICLE 6 COMMITTEES**

#### **Establishing Committees**

6.01 The Board 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 will include one or more directors and may include persons who are not directors. If the Board delegates any of its management authority to a committee, the majority of the committee will consist of directors. The Board may also delegate to the president its power to appoint and remove members of a committee that has not been delegated any management authority of the Board. The Board may establish qualifications for membership on a committee.

Establishing a committee or delegating authority to it will not relieve the Board, or any individual director, of any responsibility imposed by these Bylaws or otherwise imposed by law. No committee has the authority of the Board to:

- a.  
Amend the articles of incorporation.
- b.  
Adopt a plan of merger or of consolidation with another Corporation.
- c.  
Authorize the sale, lease, exchange, or mortgage of all or substantially all of the Corporation's property and assets.
- d.  
Authorize voluntary dissolution of the Corporation.
- e.

Revoke proceedings for voluntary dissolution of the Corporation.

f.

Adopt a plan for distributing the Corporation's assets.

g.

Amend, alter, or repeal these Bylaws.

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.

k.

Take final action on a matter requiring membership approval.

#### **Authorization of Specific Committees**

6.02 The following committees are authorized: Membership, Education and Research, Promotions, Legislative, Technology, Wine Council, Agricultural Council, Past Presidents Committee, Ethics Committee. The Board will define the activities and scope of authority of each committee by resolution.

#### **Term of Office**

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

#### **Chair and Vice-Chair**

6.04 One member of each committee will be designated as the committee chair, and another member of each committee will be designated as the vice-chair. The chair will be appointed by the president. The chair will call and preside at all meetings of the committee. When the chair is absent, he/she shall appoint an acting chair.

#### **Notice of Meetings**

6.05 Written or printed notice of a committee meeting will be delivered to each member of a committee not less than 14 or more than 60 days before the date of the meeting. The notice will state the place, day, and time of the meeting, and the purpose or purposes for which it is called.

#### **Quorum**

6.06 One-half of the number of committee members constitutes a quorum for transacting business at any meeting of any committee. The committee members present at a duly called or held meeting at which a quorum is present may continue to transact business even if enough committee members leave the meeting so that less than a quorum remains. However, no Board recommendation or action may be approved without the vote of a least a majority of the number of committee members required for a quorum. If a quorum is never present at any time during a meeting the chair may adjourn and reconvene the meeting once without further notice.

#### **Actions of Committees**

6.07 Committees will try to take action and make Board recommendations by consensus, However, if a consensus is not available, the vote of a majority of committee members present and voting at a meeting at which a quorum is present is enough to constitute the act of the committee unless the act of a greater number is required by statute or by some other provision of these Bylaws. A committee member who is present at a meeting and abstains from a vote is considered to be present and voting for the purpose of determining the act of the committee.

#### **Proxies**

6.08 A committee member may not vote by proxy.

#### **Compensation**

6.09 Committee members may not receive salaries for their services. The Board may adopt a resolution providing for paying committee members a fixed sum and expenses of attendance, if any, for attending each meeting of the committee. A committee member may serve the Corporation in any other capacity and receive compensation for those services. Any compensation that the Corporation pays to a committee member will be reasonable and commensurate with the services performed.

#### **Rules**

6.10 Each committee may adopt its own rules, consistent with these Bylaws or with other rules that may be adopted by the Board.

### **ARTICLE 7**

#### **TRANSACTIONS OF CORPORATION**

#### **Contracts**

7.01 The Board may authorize any officer or employee 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.

#### **Deposits**

7.02 All the Corporation's funds will be deposited to the credit of the Corporation in banks, trust companies, or other depositories that the Board selects.

#### **Gifts**

7.03 The Board may accept, on the Corporation's behalf, any contribution, gift, bequest, or devise for the general purposes or for any special purpose of the Corporation. The Board may make gifts and give charitable contributions not prohibited by these Bylaws, the articles of incorporation, state law, and provisions set out in federal tax law that must be complied with to maintain the Corporation's federal and state tax status.

#### **Potential Conflicts of Interest**

7.04 The Corporation may not make any loan to a director or officer of the Corporation. A member, director, officer, committee member or member of the Corporation may lend money to - and otherwise transact business with - the Corporation except as otherwise provided by these Bylaws, the articles of incorporation, and applicable law. 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 may 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 Corporation's best interests. The Corporation may not borrow money from - or otherwise transact business with a member, director, officer, or committee member of the Corporation without full disclosure of all relevant facts and without the Boards' approval, not including the vote of any person having a personal interest in the transaction.

#### **Prohibited Acts**

7.05 As long as the Corporation exists, and except with the Board's or the members prior approval, no member, director, officer, or committee member of the Corporation may:

a.

Do any act in violation of these Bylaws or a binding obligation of the Corporation,

b.

Do any act with the intention of harming the Corporation or any of its operations,

c.

Do any act that would make it impossible or unnecessarily difficult to carry on the Corporation's intended or ordinary business,

d.

Receive an improper personal benefit from the operation of the Corporation,

e.

Use the Corporation's assets, directly or indirectly, for any purpose other than carrying on the Corporation's business,

f.

Wrongfully transfer or dispose of Corporation property, including intangible property such as good will,

g.  
Use the Corporation's name (or any substantially similar name) or any trademark or trade name adopted by the Corporation, except on behalf of the Corporation in the ordinary course of its business and

h.  
Disclose any of the Corporation's business practices, trade secrets, or any other information not generally known to the business community to any person not authorized to receive it.

ARTICLE 8  
BOOKS AND RECORDS

**Required Books and Records**

8.01 The Corporation will correct and complete books and records of account. The books and records include:

a.  
A file-endorsed copy of all documents filed with the Texas Secretary of State relating to the Corporation, including but not limited to the articles of incorporation, and any articles of amendment, restated articles, articles of merger, articles of consolidation, and statement of change of registered office.

b.  
A copy of all bylaws, including these Bylaws, and any amended versions or amendments to them.

c.  
Minutes of the proceedings of the members, Board, and committees having any of the authority of the Board.

d.  
A financial statement showing the Corporation's assets, liabilities, and net worth at the end of the three most recent fiscal years.

e.  
A financial statement showing the Corporation's income and expenses for the three most recent fiscal years.

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

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

h.  
The Corporation's federal, state and local tax information or income-tax returns for the minimum number of years required by the IRS and state government.

ARTICLE 9  
FISCAL YEAR

The Corporation's fiscal year of the Corporation will begin on the first day of January and end on the last day in December each year.

ARTICLE 10  
INDEMNIFICATION

**When Indemnification Is Required, Permitted, and Prohibited**

a.

The Corporation will indemnify a director, officer, member, committee member, employee, or agent of the Corporation who was, is or may be named defendant or respondent in any proceeding as a result of his or her actions or omissions within the scope of his or her official capacity in the Corporation. For the purposes of this article, an agent includes one who is or was serving at the Corporation's request as a director, officer, partner, venturer, proprietor, trustee, partnership, joint venture, sole proprietorship, trust, employee-benefit plan, or other enterprise.

b.

The Corporation will indemnify a person only if he or she acted in good faith and reasonably believed that his or her conduct was in the Corporation's best interests. In case of a criminal proceeding, the person may be indemnified only if he or she had no reasonable cause to believe that the conduct was unlawful. The Corporation will 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 from the Corporation. 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. 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 will pay or reimburse expenses incurred by a director, officer, member, 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, member, committee member, employee, or agent of the Corporation to the extent permitted by law. However, the Corporation will not indemnify and person in any situation in which indemnification is prohibited by paragraph 10.01 (a), above.

e.

The Corporation may advance expenses incurred or to be incurred in the defense of a proceeding to a person who might eventually be entitled to indemnification, even though there has been no final disposition of the

proceeding. Advancement of expenses may occur only when the procedural conditions specified in paragraph 10.03(c), above have been satisfied. Furthermore, the Corporation will never advance 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 if the person is alleged to have improperly received a personal benefit or committed other willful or intentional misconduct.

#### **Extent and Nature of Indemnity**

10.02 The indemnity permitted under these Bylaws includes indemnity against judgments, penalties, (including excise and similar taxes), fines, settlements, and reasonable expenses (including attorney's fees) actually incurred in connection with the proceeding. 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.

#### **Procedures Relating to Indemnification Payments**

10.03

a.

Before the Corporation may pay any indemnification expenses (including attorney's fees), the Corporation must specifically determine that indemnification is permissible, authorize indemnification, and determine that expenses to be reimbursed are reasonable, except as provided in subparagraph 9.09, below. The Corporation may make these determinations and decisions by any one of the following procedures:

a.

Majority vote of a quorum consisting of directors who, at the time of the vote, are not named defendants or respondents in the proceeding.

b.

If such a quorum cannot be obtained, by a majority vote of a committee of the Board, 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.

c.

Determination by special legal counsel selected by the Board by the same vote as provided in subparagraphs 9.07a or 9.07b above, or if such a quorum cannot be obtained and such a committee cannot be established, by a majority vote of all directors.

d.

Majority vote of members, excluding directors or other members who are named defendants or respondents in the proceeding.

b.

The Corporation will authorize indemnification and determine that expenses to be reimbursed are reasonable in the same manner that it determines whether indemnification is permissible. If special legal counsel determines that indemnification is permissible, authorization of

indemnification and determination of reasonableness of expenses will be made as specified by subparagraph (a)(iii), above, governing selection of special legal counsel. A provision contained in the articles of incorporation, or a resolution of members or the Board 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 will advance expenses before final disposition of a proceeding only after it determines that the facts then known would not preclude indemnification. The determination that the facts then known to those making the determination would not preclude indemnification and authorization of payment will be made in the same manner as a determination that indemnification is permissible under subparagraph (a), above.

In addition to this determination, the Corporation may advance expenses only after it receives a written affirmation and undertaking from the person to receive the advance. The person's written affirmation will state that he or she has met the standard of conduct necessary for indemnification under these Bylaws. The written undertaking will provide for repayment of the amounts advanced by the Corporation if it is ultimately determined that the person has not met the requirements for indemnification. The undertaking will be an unlimited general obligation of the person, but it need not be secured and may be accepted without reference to financial ability to repay.

d. Any indemnification or advance of expenses will be reported in writing to the Corporation's members. The report will 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 consent to action without a meeting. In any case, the report will be sent within the 12-month period immediately following the date of the indemnification or advance.

## ARTICLE 11 NOTICES

### **Notice by Mail or E-mail**

11.01 Any notice required or permitted by these Bylaws to be given to a member, director, officer, or member of a committee of the Corporation may be given by mail or e-mail. If mailed, a notice is deemed delivered when deposited in the mail addressed to the person at his or her address as it appears on the corporate records, with postage prepaid. If given by e-mail a notice is deemed delivered upon date assigned by sending computer. A person may change his or her address in the corporate records by giving written notice of the change to the secretary of the Corporation.

### **Signed Waiver of Notice**

11.02 Whenever any notice is required by law or under the articles of incorporation or these Bylaws, a written waiver signed by the person

entitled to receive such notice is considered the equivalent to giving the required notice. A waiver of notice is effective whether signed before or after the time stated in the notice being waived.

#### **Waiving Notice by Attendance**

11.03 A person's attendance at a meeting constitutes 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 was not lawfully called or convened.

### **ARTICLE 12**

#### **SPECIAL PROCEDURES CONCERNING MEETINGS**

#### **Meeting by Electronic Medium**

12.01 The members, Board of Directors, and any committee of the Corporation may hold a meeting by electronic medium if all participants consent to it. In all meetings held by electronic medium, matters must be arranged in such a manner that all persons participating in the meeting can hear each other; the notice of a meeting by telephone conference must state the fact that the meeting will be held by electronic medium as well as all other matters required to be included in the notice; and a person's participating in a conference-call meeting constitutes his or her presence at the meeting.

#### **Decision without Meeting**

12.02 Any decision required or permitted to be made at a meeting of the members, Board, or any committee of the Corporation may be made without a meeting. A decision without a meeting may be made if a written consent to the decision is signed by a quorum of persons entitled to vote on the matter as described in these bylaws. The original signed consents will be placed in the Corporation minute book and kept with the corporate records. Furthermore, in accordance with the articles of incorporation, action may be taken without a meeting when there are signed written consents by the number of members, directors, or committee members whose votes would be necessary to take action at a meeting at which all such persons entitled to vote were present and voted. Each written consent must be signed and bear the date of signature of the person signing it. A telegram, email, fax or electronic means, or similar transmission by a member, director, or committee member, or a facsimile or similar reproduction of a signed writing, will be treated as an original being signed by the member, director, or committee member.

Consents must be delivered to the Corporation. A consent signed by less than a quorum as described in these bylaws of members, directors, or committee members is not effective to take the intended action unless the required number of consents are delivered to the Corporation within 60 days after the date that the earliest-dated consent was delivered to the Corporation. Delivery must be made by hand, or by certified or registered mail, return receipt requested. The delivery may be made to the Corporation's registered office, or registered agent, principal place of business, or an officer or agent having custody of books in which the relevant proceedings are recorded. If the delivery is made to the Corporation's principal place of business, the consent must be addressed to the president or principal executive officer.

The Corporation will give prompt notice of the action taken to persons who do not sign consents. If the action taken requires documents to be filed with the secretary of state, the filed documents will indicate that these written consent procedures were followed to authorize the action and filing.

#### **Proxy Voting**

12.03 A person authorized to exercise a proxy may not exercise the proxy unless it 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 will 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 will not be effective for that meeting. A proxy filed with the secretary of the Corporation or other designated officer remains in force 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 proxy's term.

c.

The proxy authority expires under the terms of these Bylaws.

#### **ARTICLE 13 AMENDING BYLAWS**

These Bylaws may be altered, amended, or repealed, and new bylaws may be adopted by two-third votes of the votes cast. The notice of any meeting at which these Bylaws are altered, amended, or repealed, or at which new bylaws are adopted will include the text of the proposed bylaw provisions as well as the text of any existing provisions proposed to be altered, amended, or repealed. Proposed changes to the bylaws can only be distributed after approval by majority vote of the Board. Alternatively, the notice may include a fair summary of those provisions.

#### **ARTICLE 14 MISCELLANEOUS PROVISION**

##### **Legal Authorities Governing Construction of Bylaws**

14.01 These Bylaws will be construed under Texas law. All references in these Bylaws to statutes, regulations, or other sources of legal authority will refer to the authorities cited, or their successors, as they may be amended from time to time.

##### **Legal Construction**

14.02 To the greatest extent possible, these Bylaws shall be construed to conform to all legal requirements and all requirements for obtaining and maintaining all tax exemptions that may be available to nonprofit corporations. If any bylaw provision is held invalid, illegal, or unenforceable in any respect, the invalidity, illegality, or the unenforceability will not affect any other provision, and the bylaws will

be construed as if they had not included the invalid, illegal, or unenforceable provision.

**Headings**

14.03 The headings used in the bylaws are for convenience and may not be considered in construing the bylaws.

**Number**

14.04 All singular words include the plural, and all plural words include the singular.

**Seal**

14.05 The Board of Directors may provide for a corporate seal. Such a seal would consist of two concentric circles containing the words "Texas Wine and Grape Growers Association", in one circle and the word "Incorporated" together with the date of incorporation in the other circle.

**Power of Attorney**

14.06 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 to be kept with the corporate records.

**Parties Bound**

14.07 The bylaws will bind 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 the bylaws otherwise provide.

**CERTIFICATE OF SECRETARY**

I certify that I am the duly elected and acting secretary of Texas Wine and Grape Growers Association, Inc. and that these Bylaws constitute the Corporation's Bylaws. These Bylaws were duly adopted by ballot vote of the membership counted on \_\_\_\_\_ by the Past President or a person appointed by the Past President.

Signature: \_\_\_\_\_ Dated: \_\_\_\_\_  
Gene Estes  
Secretary  
Texas Wine and Grape Growers Association