

ADOPTED: 1-30-79
AMENDED: 1-19-82; 1-14-85; 1-13-92;1-12-04;
1-10-05;10-10-05; 1-9-12

BY-LAWS OF WEST BELL COUNTY WATER SUPPLY CORPORATION

By-Laws of **West Bell County Water Supply Corporation**, having been presented to the Board of Directors of said Corporation and duly adopted as follows:

ARTICLE I

The **President** shall preside at all members' and directors' meetings. He may, and upon demand of one-third (1/3) of the members shall, call a special meeting of the members or directors, and he may and shall, upon demand of one-third (1/3) of such directors, call a special meeting of the directors or membership. Such special meetings shall be held upon giving the notice required in Article XII of the By-Laws. He shall perform all other duties that usually pertain to the office or are delegated to him by the Board of Directors.

ARTICLE II

The **Vice-President** shall, in case of the absence or disability of the President, perform the duties of the president.

ARTICLE III

The **Secretary-Treasurer** shall have the custody of all the monies and securities of the Corporation. He shall keep regular books and shall keep minutes of all meetings of members and directors. All monies of the Corporation shall be deposited by him in such depository as shall be selected by the directors. Checks must be signed by him and the President or Vice-President, in the absence of the President. He shall have custody of the seal of the Corporation and affix it as directed hereby or resolution passed by the Board of Directors or members.

The position of the **Secretary-Treasurer** shall be placed under a fidelity bond in an amount which shall be set by the Board of Directors. The amount of said bond shall be set from time to time by the Board of Directors, but shall not be less than \$1,000.

ARTICLE IV

The Board of Directors shall consist of seven (7) directors, a majority of whom shall constitute a quorum. Upon issuance of the Charter and annually thereafter in January the Board of Directors shall elect a President, a Vice-President, and a Secretary-Treasurer. The directors shall be elected by the members' at the members' regular meeting provided for in Article XI of the by-laws. The directors shall be divided into three (3) classes, each to be as near as equal in number as possible, the terms of the directors of the first class to expire at the first annual meeting of the shareholders after their election, the terms of the directors of the second class to expire at the second annual meeting after their election and the terms of the directors of the third class to expire at the third annual meeting after their election. At each annual meeting after such classification, the

number of directors equal to the number of the class whose term expires at the time of such meeting shall be elected to hold office until the third succeeding annual meeting. The directors shall serve without pay, but may be compensated for actual expenses by a majority vote of directors. Upon the death or resignation of a director, a successor shall be elected by a majority of the directors remaining to serve out the remaining portion of the term thus vacated.

ARTICLE V

Section 1: Regular meetings of the Board of Directors shall be held the second (2nd) Monday of each month with time and place as the Board may determine at the next previous Regular meeting, and shall include posting of the meeting as required by the Texas Open Meetings Act, Art. 6252-17, Tex. Rev. Civ. Stat., by furnishing the notice to the County Clerk or Clerks of the county or counties in which the corporation provides service, and by posting such notice in a place readily convenient to the public, in its administrative office at all times for at least seventy two (72) hours preceding the scheduled time of the meeting. Such notice shall specify the date, hour, place and subject of each meeting held by the Board of Directors.

Section 2: The Board of Directors shall ensure that all meetings comply with the requirements of the Open Meetings Act, Art. 6252-17, Tex. Rev. Civ. Stat., including any subsequent amendment thereto. In the event of any conflict between the provisions of these By-Laws and the requirements of the Open Meetings Act, the provision of the Open Meetings Act shall prevail.

ARTICLE VI

The Corporation shall conduct its business on a non-profit basis, and no dividends shall ever be paid upon the memberships of such Corporation.

ARTICLE VII

The Directors of the Corporation shall establish and maintain, so long as the Corporation is indebted to the Government, in an institution insured by the State and Federal Government, or invested in readily marketable securities backed by the full faith and credit of the United States of America, a reserve account separate and apart from other fund accounts of the Corporation. There shall be deposited in such fund the sum as required by a total of all loan resolutions executed by the Corporation. Such deposits shall be made monthly and shall continue until the total amount deposited equals the sum as required by the executed loan resolutions provided; however that after any withdrawals, such deposits shall be resumed until the amount accumulated in the fund is restored to the sum as required by the executed loan resolutions.

Withdrawals may be made from this fund only upon prior written approval from USDA - Rural Development. Approval shall be made only for emergency repairs, obsolescence of equipment, improvements to facility, and for making up any deficiencies in revenue for loan payments.

The Directors shall invest all sums in this fund not required to be expended within the year in which the same are deposited in bonds or other evidence of indebtedness of the United States of America, or in readily marketable securities backed by the full faith and credit of the United States of America. Securities so purchased shall be deemed at all times to be part of the reserve fund account.

ARTICLE VIII

Section 1: Every person (which includes any legal entity) owning or having a legal right to control, possession or occupancy of property served or which may reasonably be served by the Corporation shall have the right to become a member of the Corporation upon payment of the membership fee hereinafter provided and upon compliance with the reasonable requirements of the Corporation governing the purchase of water, charges for connection and/or extension of water mains if necessary, and operation of and service by the system. Membership shall not be denied because of applicants race, color, creed, or national origin. It is the intent of the

Corporation to provide service on a non-discriminatory basis to all persons desiring service to the extent that the capabilities of the system will reasonably permit.

Section 2: The membership fee shall be three hundred (\$300.00) dollars plus costs of each tap as set forth in the current Water Tariff for West Bell County Water Supply Corporation, which shall entitle the member to one connection to the water main of the Corporation. All water shall be metered by a meter furnished and installed by the Corporation, and said meter shall belong to the Corporation and title to the same shall never pass to the member. The meter is for the sole use of the member (Customer), and is to serve water to only one dwelling or to one business, and member will not be permitted to extend pipe to transfer water from one property to another, or to share, resell, or submeter water to any other person or dwelling, business, property, etc., or house trailer.

A person may own more than one membership, but each members shall be entitled only one vote regardless of the number of memberships owned. Membership certificates shall be in such form as determined by the Board of Directors.

ARTICLE IX

For the purpose of determining members entitled to notice of or to vote at any meeting or any adjournment thereof or in order to make a determination of members for any other proper purpose, ownership of memberships shall be deemed to be in those persons who are the record owners of membership as evidenced by the membership transfer book on the 15th day of the month next preceding the month of the date upon which the action requiring such determination is to be taken.

ARTICLE X

In order to insure that business done by the Corporation shall continue withing the capacity of its facilities and to prevent undue financial burden on the members of the Corporation, membership in the Corporation shall be transferred from the original members, their transferees, pledges, administrators or executors, or purchasers at judicial sale, or other persons, only after approval by the Directors of the person proposing to buy said membership. Membership in the Corporation shall be deemed personal estate, and shall be transferable only upon surrender of membership certificate endorsed by the record owner to transferee, and after all indebtedness due to the Corporation has been paid by the transferring member.

ARTICLE XI

There shall be a regular meeting of the members annually, in January to transact all business that may be properly brought before it. The Secretary-Treasurer shall give at least thirty (30) days written notice of such annual meeting to the membership indicating the time, place, and purpose of such meeting, and shall address and mail the notice to each member at the address last known to the Corporation. The presence at a meeting of members entitled to cast a ballot in their own right or by ballots received on or before the Friday at noon prior to the annual meeting either by mail or in person at West Bell County WSC office located at 4201 Chaparral Rd., Killeen, Texas shall constitute a quorum for the transaction of business. Any member who desires to place their name on the ballot for election to the West Bell County Water Supply Corporation's Board of Directors must submit an application no later than forty-five (45) days prior to the next election.

ARTICLE XII

Special meetings of the Directors may be held upon the posting of such special meeting in the manner provided under Article V of these By-Laws, at least two (2) hours before the meeting is convened. It shall be the

responsibility of the President or his designee to ensure that proper notice is posted. In no event shall any special meeting of the Directors be convened where the business of such meeting could be considered at a regular meeting of the Directors receiving at least seventy two (72) hours notice as provided under Article V of these By-Laws. Prior to convening any special meeting of the Members, the President shall request in writing that the Secretary-Treasurer give at least ten (10) days prior notice to the Members, and that such special meeting is otherwise noticed as provided under Article V of these By-Laws. Such notice shall specify the time, place and purpose of the meeting, and shall be addressed and mailed to each of the members at their address last known to the corporation.

ARTICLE XIII

The business of the Corporation may be handled under the direction of the Board of Directors, by a manager to be elected by majority vote of the Board, and he shall serve with or without compensation. The manager, with the approval of the Board of Directors, may employ, with or without compensation, such supervisory, clerical or other employees as he may require to effectively operate the business of the Corporation.

ARTICLE XIV

All members will be billed, disconnected, or reconnected in accordance with the written policies of the Corporation, as set forth in these By-Laws and in separate document known as "Water Tariff for West Bell County Water Supply Corporation". Such rules and regulations adopted or amended by the duly elected Board of Directors of said Corporation, as long as the rules and regulations adopted or amended do not alter the purpose of the Corporation so as to decrease its rights and powers or effect a fundamental change in the purpose of the corporation, shall be just as binding as though they were set out specifically in each word and detail by these By-Laws.

In the event a members should surrender his membership certificate properly endorsed to the Secretary-Treasurer, or his appointed agent, and request in writing that his membership cease and his water service be discontinued, his obligation to pay for water service shall terminate except as for the minimum charges for the current month, or the charge for water used during the current month, whichever is greater, and except as for any prior unpaid amounts due the Corporation. In the event said members should request reconnection, he must pay the fee for a new membership of an existing tap as set forth in the Water Tariff.

ARTICLE XV

Upon the discontinuance of the Corporation by dissolution or otherwise, all assets of the Corporation remaining after payment of the indebtedness of the Corporation shall be transferred to an entity that provides water or sewer service and that is exempt from ad valorem taxation.

ARTICLE XVI

The fiscal year of the Corporation shall be from October 1, to September 30.

ARTICLE XVII

For so long as the Corporation is indebted for a loan or loans made to it by the United States of America through USDA-RD, the Corporation shall insure with a reputable insurance company such of it properties and in such amounts as is required by the State Director of the USDA-RD for the State of Texas.

ARTICLE XVIII

(a) If at the end of any fiscal year or in the event of emergency repairs the Board of Directors determines the total amount derived from the collection of water charges to be insufficient for the payment of all costs incident to the operation of the Corporation's system during the year in which such charges are collected,

the Board shall make and levy an assessment against each member of the Corporation as the Board may determine or as may be required by USDA-RD, so that the sum of such assessments and the amount collected from water and other charges is sufficient to fully pay all costs of operation, maintenance, replacement and repayment on indebtedness for the year's operations, but this provision shall not operate for the benefit of any third party creditor other than USDA-RD without a favorable vote of the majority of the members. Any assessments levied to make up operational deficits in any year shall be levied against members in proportion to their patronage with the corporation.

(b) In the event a member should surrender his membership certificate properly endorsed to the Secretary-Treasurer of the Corporation, his obligation to pay such assessments shall be limited to assessments made and levied prior to the date of surrender of his membership certificate, provided, however, that this paragraph and the second sentence of Article XIV shall not apply to relieve a member of his obligation under special agreements covering multiple membership certificates held by one member which may have been required or approved by the USDA-RD.

ARTICLE XIX

The books and accounts of the Corporation shall be audited by a Certified Public Accountant at least once a year. The reports prepared by the CPA shall be submitted to the members at the annual meeting or regular monthly meeting as determined by the Board of Directors. With prior written request, corporate records, books and annual reports, subject to exceptions provided by the Open Records Act, Art. 6252-17a, Tex. Rev. Civ. Stat., including any amendments thereto, shall be available for public inspection and copying by the public or their duly authorized representatives during normal business hours subject to a reasonable charge for the preparation of copies. In the event of any conflict between the provisions of the Open Records Act and the provisions of these By-Laws, the provisions of the Open Records Act shall prevail.

ARTICLE XX

These By-Laws may be altered, amended, or repealed by a vote of a majority of the members present at any regular meeting of the Corporation, or at any special meeting of the Corporation called for that purpose, except that the members shall not have the power to change the purpose of the Corporation so as to decrease its rights and powers under the laws of the state, or to waive any requirements of bond or other provisions for the safety and security of the property and funds of the corporation or its members, or to deprive any member of rights and privileges then existing, or so to amend the By-Laws as to effect a fundamental change in the policies of the corporation. Notice of any amendment to be made at a special meeting of the members must be given at least ten (10) days before such meeting and must set forth the amendments to be considered. For so long as the Corporation is indebted for a loan or loans made to it by the United States of America through USDA-RD, these By-Laws shall not be altered, amended or repealed without the prior written consent of the State Director of USDA-RD for the State of Texas.

ARTICLE XXI

The seal of the Corporation shall consist of a circle within which shall be inscribed "West Bell County Water Supply Corporation".

The above By-Laws and regulations were unanimously adopted by West Bell County Water Supply Corporation, at a meeting in the Killeen Community Center on the 30th day of January, A.D. 1979.

CLYDE DARK
Secretary - Treasurer

AMENDMENT OF ARTICLE XV was unanimously adopted by vote of the members of West Bell County Water Supply Corporation, at the annual meeting held at the Killeen Community Center on the 19th day of January, A.D. 1982.

GARLAND KELLEY
Secretary - Treasurer

AMENDMENT OF ARTICLE XV was unanimously adopted by vote of the members of West Bell County Water Supply Corporation, at the annual meeting held at the Killeen Community Center on the 14th day of January, A.D. 1985.

GARLAND KELLEY
Secretary - Treasurer

AMENDMENTS OF ARTICLES V, VII, XII, XV, AND XIX were unanimously adopted by vote of the members of West Bell County Water Supply Corporation, at the annual meeting held at the office of West Bell County Water Supply Corporation on the 13th day of January, A.D. 1992.

GARLAND KELLEY
Secretary - Treasurer

AMENDMENTS OF ARTICLES VII, XI, XIV, XVII, XVIII, XX were unanimously adopted by vote of the members of West Bell County Water Supply Corporation, at the annual meeting held at the office of West Bell County WSC on the 12th day of January, A.D. 2004.

BOB F. GORDON
Secretary - Treasurer

AMENDMENTS OF ARTICLE VIII was unanimously adopted by vote of the members of West Bell County Water Supply Corporation, in accordance with Article XX of these Bylaws, at the regular monthly meeting held at the office of West Bell County WSC on the 10th day of January, A.D. 2005.

BOB F. GORDON
Secretary - Treasurer

AMENDMENTS OF ARTICLE VIII was unanimously adopted by vote of the members of West Bell County Water Supply Corporation, in accordance with Article XX of these Bylaws, at the regular monthly meeting held at the office of West Bell County WSC on the 12th day of September, A. D. 2005.

BOB F. GORDON
Secretary - Treasurer

AMENDMENTS OF ARTICLE IX was unanimously adopted by vote of the members of West Bell County Water Supply Corporation, in accordance with Article XX of these Bylaws, at the regular monthly meeting held at the office of West Bell County WSC on the 10th day of October, A.D. 2005.

BOB F. GORDON
Secretary - Treasurer

AMENDMENTS OF ARTICLE XI was unanimously adopted by vote of the members of West Bell County Water Supply Corporation, in accordance with Article XX of these Bylaws, at the annual meeting of members held at the office of West Bell County WSC on the 9th day of January, A.D. 2012.

BOB F. GORDON
Secretary-Treasurer