

Control Number: 42952



Item Number: 3

Addendum StartPage: 0

House Bill (HB) 1600 and Senate Bill (SB) 567 83rd
Legislature, Regular Session, transferred the functions
relating to the economic regulation of water and sewer
utilities from the TCEQ to the PUC effective
September 1, 2014.

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SECOND AMENDED BY -LAWS

Bethesda Water Supply Corporation

By-Laws of Bethesda 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. The President may, and upon demand of one-third (1/3) of the Members, shall call a special meeting of the Members or Directors. Such special meetings shall be held upon giving the notice required in Article XII of the By-Laws. The President 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. The Secretary-Treasurer shall keep regular books and shall keep minutes of all meetings of Members and Directors. All monies of the corporation shall be deposited by the Secretary-Treasurer in such depository as shall be selected by the Directors. Checks must be signed by the Secretary-Treasurer and the President or Vice-President, in the absence of the President. The Secretary-Treasurer shall have custody of the seal of the Corporation and affix it as directed hereby or by resolution passed by the Board of Directors or Members. The Board of Directors may appoint an employee as assistant or deputy secretary to assist the Secretary- Treasurer in all official duties

pertaining to the office of Secretary.

The position of the Secretary-Treasurer and other positions entrusted with receipt and disbursement of funds shall be placed under a fidelity bond in an amount, which shall be set from time to time, but not less than once each year, by the Board of Directors.

The fidelity bond coverage amount shall approximate the total annual debt service requirements for all FmHA loans and be evidenced by a position fidelity schedule bond as acceptable to the Farmers Home Administration.

ARTICLE IV

Section 1. 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 on the third Tuesday of April, 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 class to be as near as equal in number as possible. The terms of the Directors of the first class shall expire at the first annual meeting of the shareholders after their election, the terms of the Directors of the second class shall expire at the second annual meeting after their election and terms of the Directors of the third class shall 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 existing Directors to serve for the remaining balance of the previously vacated term.

Section 2. Officers and Directors may be removed from office in the following manner except as otherwise provided in Article V: Any Member, Officer, or Director may present charges against a Director or Officer by filing such charges in writing with the Secretary-Treasurer of the Corporation. If presented by a Member, the charges must be accompanied by a petition signed by at least ten (10) percent of the Members of the Corporation. Such removal shall be voted on at the next regular or special meeting of the Membership and shall be effective if approved by a vote of 2/3 majority of those voting if a quorum is present. The Director(s) or Officer(s) against whom such charges have been presented shall be informed in writing, of such charges at least twenty days prior to the meeting and shall have the opportunity at such meeting to be heard in person or by counsel and to present witnesses; and the person or persons presenting such charges shall have the same opportunity. If the removal of a Director(s) is approved, such action shall also vacate any other office(s) held by the removed Director(s) in the Corporation. A vacancy in the Board thus created shall immediately be filled by a qualified person other than the removed Director upon a vote of a majority of the Members present and voting at such meeting. A vacancy in any office this created shall be filled by the Board of Directors from among their number so constituted after the vacancy in the Board has been filled.

Section 3. The President of the Board or his designee shall preside at any meeting of the Members convened to consider removal of an Officer or Director as provided under Section 2, unless the President is the subject of charges, in which event the Vice-President shall preside. In the event both the President and the Vice-President are the subject of charges, those Directors who are

not the subject of any charges shall appoint one of their number to preside over the meeting. Any meeting convened to consider the removal of an Officer or Director shall be conducted in accord with the procedures prescribed by the Credentials Committee established under the provisions of Article XI. The fact that President, Vice-President, or any other officer or Director has been made the subject of charges does not otherwise prevent such Officer from continuing to act in his capacity as an Officer or Director of the Corporation. Any Director that has been removed under the provisions of this Article shall not be precluded from subsequent election to a position on the Board of Directors.

Section 4. The Board of Directors shall adopt and maintain a conflict of interest policy designed to promote the business of the Corporation and serve the interests of the Membership.

ARTICLE V

Section 1. Regular meetings of the Board of Directors shall be held at such 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, Article 6252-17, Tex. Rev. Civ. Stat., by furnishing the notice to the County Clerks of Johnson County and Tarrant County, 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. Any Director failing to attend three (3) consecutive regular monthly meetings shall be given written notice by the balance of the Board of Directors that failure by said Director to attend a fourth consecutive monthly meeting, without justifiable cause acceptable to the balance of the Board of Directors, shall give rise to removal of said Director from the Board. A successor shall

be elected by a majority vote of the Directors remaining to serve the balance of the term. If the removal of a Director pursuant to this Section 2 occurs at an annual Membership meeting, then the successor shall be elected by majority vote of the Membership in attendance at the meeting.

Section 3. The Board of Directors shall provide access for the public, new service applicants or Members to the regular monthly meetings of the Board of Directors by setting aside a time for hearing of suggestions, proposals, or grievances. The Board of Directors shall establish reasonable rules for access to such meetings.

Section 4. The Board of Directors shall ensure that all meetings comply with the requirements of the Open Meetings Act, Article 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 provisions of the Open Meetings Act shall prevail.

Section 5. In conducting their duties as members of the Board, each Director (1) shall be entitled to rely, in good faith and with ordinary care, on information, opinions, reports, or statements, including financial statements and other financial data, concerning the Corporation or the Corporation's affairs, that have been prepared or presented by one or more Officers or employees of the Corporation; or by legal counsel, public accountants, or other persons retained by the Corporation for the development of professional advice and information falling within such person's professional or expert competence; (2) may believe, in good faith and with ordinary care, that the assets of the Corporation are at least that of their book value; and (3) in determining whether the Corporation has made adequate provision for the discharge of its liabilities and obligations; and may rely in good faith and with ordinary care on the financial statements of, or other information

concerning, any person or entity obligated to pay, satisfy or discharge some or all of the Corporation's liabilities or obligations; and may rely in good faith 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 provided the Director reasonably believes such matters to fall within such person's professional or expert competence. Nevertheless, a Director must disclose any knowledge he or she may have concerning a matter in question that makes reliance otherwise provided herein to be unwarranted.

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. All profits arising from the operation of such business shall be annually paid out to the persons who have, during the past year, transacted business with the Corporation, in direct proportion to the amount of business transacted, provided that no such dividends shall ever be paid while any indebtedness of the Corporation remains unpaid.

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 or 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 Farmers Home Administration. 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 the 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 Corporation's conditions of water service as provided for in its published charges, rates and conditions of service. Membership shall not be denied because of the applicant's race, color, creed, citizenship, or national origin. It is the intent of the Corporation to provide service on a nondiscriminatory 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 \$100.00. Payment of Membership fee or transfer of Membership shall entitle an applicant to further qualify for one (1) connection to the system or shall

entitle a transferee of Membership to continue to qualify for service to an existing connection to the system by meeting the conditions for water service as provided in the Corporation's published rates, charges, and conditions of service. A person may own more than one Membership but each Member shall be entitled to only one vote regardless of the number of Memberships owned. Membership certificates shall be in such form as shall be determined by the Board of Directors.

Section 3. The Membership fee may be revised by the Board of Directors as the Board may determine to be appropriate. In determining the amount of the Membership fee, however, the Board shall ensure that the fee is sufficient to establish the potential Member as being legitimately interested in securing water service from the Corporation for such potential Members' own needs. Furthermore, the Board shall determine and administer such fee in a manner or in an amount which does not unreasonably deny service to financially deprived potential Members. In no event, however, shall the Membership fee exceed an amount equal to the sum of twelve (12) charges of the Corporation's minimum monthly water rate unless previously approved by the Farmers Home Administration.

ARTICLE IX

Where necessary for determining those Members entitled to notice of, or those Members entitled to vote at any meeting or any adjournment thereof, or where necessary to make a determination of Members for any other proper purpose, ownership of Memberships shall be deemed to be vested in those persons who are the record owners of Memberships as evidenced by the Membership transfer book on the 15th day of the month preceding the month of the date upon which the action requiring such determination is to be taken. Nothing herein shall preclude the holder of a Membership from mortgaging such Membership, or, upon notification of the

Corporation, preclude the holder of such mortgages from exercising legal rights pursuant to such mortgages upon proper notice to the Corporation.

ARTICLE X

Section 1. In order to ensure that business done by the Corporation shall continue within the capacity of its facilities and to prevent undue financial burden on the Members of the Corporation, Membership in the Corporation shall be transferred in accordance with the following:

- (a) Except as herein provided, Membership in the corporation shall be deemed personal estate and a person or entity that owns any stock of, is a Member of, or has some other right of participation in the Corporation may not sell or transfer that stock, Membership, or other right of participation to another person or entity except: (1) by will to a transferee who is a person related to the testator within the second degree by consanguinity; (2) by transfer without compensation to a transferee who is a person related to the owner of the stock or other interest within the second degree by consanguinity; or (3) by transfer with compensation or by sale to the Corporation.
- (b) Subsection (a) of this section does not apply to a person or entity that transfers the Membership or other right of participation to another person or entity as part of the conveyance of real estate from which the Membership or other right of participation arose.
- (c) The transfer of stock, a Membership, or another right of participation under this section does not entitle the transferee to water service unless each condition for water service is met as provided in the Corporation's published rates, charges, and

conditions of service. Water service provided by the Corporation as a result of stock, Membership or other right of participation may be conditioned on ownership of the real estate designated to receive service and from which the Membership or other right of participation arose.

- (d) The Corporation may cancel a person's or other entity's stock, Membership, or other right of participation if the person or other entity fails to meet the conditions for water service prescribed by the Corporation's published rates, charges, and conditions of service, or fails to comply with any other condition placed on the receipt of water service under the stock, Membership, or other right of participation authorized under Subsection (c) of this section. The Corporation may, consistent with the limitations prescribed by Subsection (a) of this section and as provided in the Corporation's tariff, reassign canceled stock, or a canceled Membership, or other right of participation to any person or entity that has legal title to the real estate from which the canceled Membership or other right of participation arose and for which water service is requested, subject to compliance with the conditions for water service prescribed by the Corporation's published rates, charges, and conditions of service.

Section 2. Notwithstanding anything to the contrary hereinabove provided, the consideration for the transfer of any Membership in the Corporation from the original Members, their transferees, pledges, administrators or executors, or other persons, shall never exceed the amount of the original costs of such Membership. No gain or profit shall ever be realized from the sale of transfer of a Membership.

ARTICLE XI

Section 1. There shall be a regular meeting of the Members annually, in March, to transact all business that may be properly brought before it. The Secretary-Treasurer shall give at least fifteen (15) 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. Failure to hold or call an annual or special meeting in accordance with these By-Laws shall give each Member rights to compel the Board of Directors to properly hold an annual or special meeting of the Membership. Voting by proxy shall be permitted. Members holding five percent (5%) of the votes entitled to be cast, represented I person or by proxy, shall constitute a quorum for the transaction of business.

Section 2. After fixing a date for the notice for a meeting, the Board of Directors shall prepare an alphabetical list of the names of all voting members who are entitled to vote as of the record date of the meeting. The list must show the address of each voting member. Not later than two (2) business days after the date notice is given of the meeting, and continuing through the meeting, the list of voting members must be available for inspection by any member entitled to vote at the meeting for the purpose of communication with other members concerning the meeting at the Corporation's principal office or at a reasonable place identified in the meeting notice in the city where the meeting will be held. Any voting member, or voting member's agent or attorney, shall be allowed, on written demand, to inspect and, at a reasonable time and at his expense, copy the list. Further, the Board shall make the list of voting members available at the meeting, and shall allow inspection of such list by any voting member or voting member's agent or attorney at any time during the meeting, including any adjournments thereof.

Section 3. The Board of Directors shall establish a standing Credentials Committee of three (3) Members, of which the Secretary-Treasurer shall be the chairperson. This committee shall adopt proper procedures for conducting an annual or special Membership meeting adopt a specific proxy form to be used in conducting an annual or special Membership meeting; adopt procedures for proper notification of the Membership of such meetings and delivery of the Corporation's proxy forms to the Membership; determine, qualify, and register the eligible voters for such meeting; validate proxies, determine presence of quorum for conducting the meeting, design ballots, canvass all votes, and institute proper recording of the results of such elections.

ARTICLE XII

Special meetings of the Directors may be held upon the posting of notice of such special meeting, in the manner provided under Article V of these By-Laws, at least two 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 shall be handled under the direction of the Board of

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

ARTICLE XIV

Notwithstanding the ownership of a Membership certificate, all Members shall be billed, disconnected, or reconnected, and otherwise shall receive service in accordance with the written policies of the Corporation, including the tariff of the Corporation. In the event a Member should surrender his Membership certificate properly endorsed to the Secretary-Treasurer of the Corporation, the water service shall be discontinued and the obligation to pay for water service shall terminate except as for the minimum charge for the current month and the charge for water used during the current month, and except as for any prior unpaid amounts due the Corporation.

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 distributed amount. the Members in direct proportion to the amount of their patronage with the Corporation insofar as practicable. Any indebtedness due the Corporation by a Member for water service or otherwise shall be deducted from such Member's share prior to final distribution. By application for and acceptance of Membership in the Corporation, each Member agrees that, upon the discontinuance of the Corporation by dissolution or otherwise, all assets of the Corporation transferred to that Member shall be in turn immediately transferred by the individual Member to an

entity that provides a water supply service, or both, that is exempt from ad valorem taxation.

ARTICLE XVI

The fiscal year of the Corporation shall be January 1 to December 31.

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 the Farmers Home Administration, the Corporation shall insure with a reputable insurance company such of its properties and in such amounts as is for the State of Texas.

ARTICLE XVIII

Section 1. If at the end of the 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 Farmers Home Administration, 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 Farmers Home Administration 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.

Section 2. In the event a Member should surrender his Membership certificate properly endorsed to the Secretary-Treasurer of the Corporation, the obligation to pay such assessments shall be limited to assessments made and levied prior to the date of surrender of the 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 Farmers Home Administration.

ARTICLE XIX

The Corporation shall keep correct and complete books and records of account and shall keep minutes of the proceedings of its Members, Board of Directors, and committees, and shall keep a record of the name and addresses of its Members entitled to vote at its registered office or principle office in Texas. Annually, the Board of Directors shall prepare or cause to be prepared a report of the financial activity of the Corporation for the preceding year including a statement of support, revenue, and expenses and changes in fund balances, a statement of functional expenses, and balance sheets for all funds or such financial reports as required by Farmers Home Administration. Such report shall be approved by the Board of Directors.

With prior written request, corporate records, books, and annual reports, subject to exceptions provided by the Open Records Act, Article 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 2/3 majority vote of the Board present at any regular meeting of the Corporation, or at any special meeting of the Corporation called for that purpose, except that the Board 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. For so long as the Corporation is indebted for a loan or loans made to it by the United States of America through the Farmers Home Administration, these By-Laws shall not be altered, amended, or repealed without the prior written consent of the State Director of the Farmers Home Administration for the State of Texas.

ARTICLE XXI

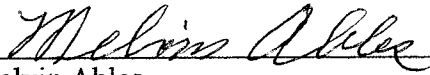
The Seal of the Corporation shall consist of a circle within which shall be inscribed "BETHESDA WATER SUPPLY CORPORATION".

ARTICLE XXII


The Corporation pledges its assets for use in performing the organization's charitable functions.

ARTICLE XXIII

The above By-Laws and regulations were unanimously adopted by the Board of Directors of the BETHESDA WATER SUPPLY CORPORATION, at a meeting of the Board of Directors on the ____ day of August, 2010,



Melvin Ables
President, Bethesda Water Supply Corporation



Gene Harris
Secretary, Bethesda Water Supply Corporation



OFFICE OF THE SECRETARY OF STATE

CERTIFICATE OF INCORPORATION
OF

BETHESDA WATER SUPPLY CORPORATION
CHARTER NO. 208329

The undersigned, as Secretary of State of the State of Texas, hereby certifies that duplicate originals of Articles of Incorporation for the above corporation duly signed and verified pursuant to the provisions of the Texas Non-Profit Corporation and Article 1434a R. C. S. of Texas, Act/have been received in this office and are found to conform to law.

ACCORDINGLY the undersigned, as such Secretary of State, and by virtue of the authority vested in him by law, hereby issues this Certificate of Incorporation and attaches hereto a duplicate original of the Articles of Incorporation.

Dated December 8th, 1964

Crawford C. Martin
Secretary of State

Filed in the Office of the Secretary of State of Texas	
This <u>8</u> day of <u>Dec</u> 19 <u>44</u>	<u>Robert D.</u>
Director,	Charter Division

ARTICLES OF INCORPORATION

OF

BETHESDA WATER SUPPLY CORPORATION

THE STATE OF TEXAS

X

COUNTY OF JOHNSON

X

KNOW ALL MEN BY THESE PRESENTS:

We, the undersigned natural persons of the age of twenty-one (21) years or more, at least three of whom are citizens of the State of Texas, acting as incorporators of a corporation, do hereby adopt the following Articles of Incorporation for such corporation:

ARTICLE I.

The name of the corporation is Bethesda Water Supply Corporation.

ARTICLE II.

The corporation is a non-profit corporation organized under Article 1434a of the Revised Civil Statutes of Texas of 1925, as amended, supplemented by the Texas Non-profit Corporation Act, Article 1.01 et seq., as amended, and is authorized to exercise all powers, privileges and rights conferred on a corporation by these Acts, and all powers and rights incidental in carrying out the purposes for which the corporation is formed, except such as are inconsistent with the express provisions of these Acts.

ARTICLE III.

The period of its duration is perpetual.

ARTICLE IV.

The corporation is formed for the purpose of furnishing a water supply for general farm use and domestic purposes to individuals residing in the rural community of Bethesda, Texas, and the surrounding rural areas. The places where the business of the corporation is to be transacted shall be the Bethesda Community in Johnson County, Texas, and the surrounding rural areas.

ARTICLE V.

The street address of the initial registered office of the corporation is 100 West Ellison Street, Burleson, Texas, and the name of its initial registered agent at such address is Loy Bransom.

ARTICLE VI.

The number of directors constituting the initial Board of Directors of the corporation is nine (9), and the names and addresses of the persons who are to serve as the initial directors are:

<u>NAME</u>	<u>ADDRESS</u>	<u>CITY</u>
A. B. Calvary	Route 4	Cleburne, Texas
Richard Smith	Route 2, Box 173-A3	Burleson, Texas
Loy Bransom	P.O. Box 698	Burleson, Texas
W. R. Lace	Route 1, Box 546	Burleson, Texas
Clarence E. Moore	Route 2, Box 263G	Burleson, Texas
K. E. Camp	Route 7, Box 244	Ft. Worth, Texas
H. J. Loe	1003 Continental Life Bldg.	Ft. Worth, Texas
Ben L. Ash	Route 1, Box 549	Burleson, Texas
Robert F. Davis, Jr.	Route 7, Box 289	Ft. Worth, Texas

ARTICLE VII.

The name and street address of each incorporation is:

<u>NAME</u>	<u>ADDRESS</u>	<u>CITY</u>
A. B. Calvary	Route 4	Cleburne, Texas
Richard Smith	Route 2, Box 173-A3	Burleson, Texas
Loy Bransom	P.O. Box 698	Burleson, Texas
W. R. Lacey	Route 1, Box 546	Burleson, Texas
Clarence E. Moore	Route 2, Box 263G	Burleson, Texas
K. E. Camp	Route 7, Box 244	Ft. Worth, Texas
H. J. Loe	1003 Continental Life Bldg.	Ft. Worth, Texas
Ben L. Ash	Route 1, Box 549	Burleson, Texas
Robert F. Davis, Jr.	Route 7, Box 289	Ft. Worth, Texas

ARTICLE VIII.

Each incorporator shall be a member of the Board of Directors who are to serve as directors until the first annual meeting of the members, or until their successors are elected and qualified. Upon the issuance of the Charter and annually thereafter on the First Tuesday in January the Board of Directors shall elect a President, a Vice-President, and a Secretary-Treasurer. 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 \$1,000.00.

ARTICLE IX.

The corporation shall conduct its business on a non-profit basis, and no dividends shall ever be paid upon the memberships of such corporation and all profits arising from the operation of such business shall be annually paid out to the persons who have, during the past year, transacted business with such corporation, in direct proportion to the amount of business transacted, provided that no such dividends shall ever be paid while any indebtedness of the corporation remains unpaid, and provided also that the directors of such corporation may allocate to a

reserve fund such amounts of the annual income as they deem necessary for maintenance, upkeep, operation and replacements, emergency repairs, and for deficiencies in income necessary to meet debt service costs.

ARTICLE X.

The corporation may make and collect charges for water delivered in such amounts and in such manner as may be provided for in the By-Laws and make additional charges, prospective and retroactive, on the basis of the number of connections or otherwise as may be provided for, in the By-Laws. It may adjust rates from time to time to cover deficiencies in income in the event the amount collected from water and other charges is insufficient in any year to operate and maintain the water system and pay annual obligations and to enforce the collection thereof by the termination of water service or otherwise as provided in the By-Laws and by a personal action at law. In addition, at the end of any fiscal year the corporation may make and levy an assessment against each member of the corporation in the manner and for the purposes as may be provided for in the By-Laws and may enforce the collection of same by termination of water service or otherwise as provided for in the By-Laws and by a personal action at law.

ARTICLE XI.

The Board of Directors shall select as depository for the funds of said corporation a bank within the State of Texas which is insured with the Federal Deposit Insurance Corporation and shall require of said depository such bond as the Board deems necessary for the protection of said corporation.

ARTICLE XII.

The directors of the corporation shall establish and maintain, so long as the corporation is indebted to the government, in a bank within the State of Texas, insured with the Federal Deposit Insurance Corporation, a reserve fund account separate and apart from other fund accounts of the corporation. There shall be deposited in such fund the sum of \$400.00 per month from the revenues of the corporation. Such deposits will continue until the total amount deposited equals \$80,000.00; provided, however, that after any withdrawals, such deposits shall be resumed until the amount accumulated in the fund is restored to \$80,000.00.

Withdrawals from this fund shall be made only for emergency repairs, obsolescence of equipment, and for making up any deficiencies in revenue for loan payments. One of the objects of this reserve fund is to assure, during the periods of non-water deliveries or water shortages, the availability of funds equal to the difference between collection from the sale of water and collections that would have been made had the members been able to purchase the quantity of water used normally.

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 they shall deposit said sums at interest in a savings account, in a bank insured with the Federal Deposit Insurance Corporation. Securities so purchased shall be deemed at all times to be a part of the reserve fund account.

ARTICLE XIII.

The corporation is and shall continue to be a corporation without capital stock. Membership in the corporation shall be sold for \$50.00 per member.

ARTICLE XIV.

Membership in the corporation shall be deemed personal estate and shall be transferable only on the books of the corporation in such manner as the By-Laws may prescribe.

IN WITNESS WHEREOF, we have hereunto set our hands, this
5th day of December, 1964.

R. B. Calvary
R. B. Calvary

Richard Smith
Richard Smith

Loy Branson
Loy Branson

W. R. Labe
W. R. Labe

Clarence E. Moore
Clarence E. Moore

K. E. Camp
K. E. Camp

H. J. Loe
H. J. Loe

Ben L. Ash
Ben L. Ash

Robert F. Davis, Jr.
Robert F. Davis, Jr.

THE STATE OF TEXAS

X

COUNTY OF JOHNSON

X

I, the undersigned, a Notary Public, do hereby certify that on the 7th day of December, 1964, personally appeared before me, A. B. Calvary, Richard Smith, Loy Bransom, W. R. Lace, Clarence E. Moore, K. E. Camp, H. J. Lee, Ben L. Ash, and Robert F. Davis, Jr., who, each being by me first duly sworn, severally declared that they are the persons who signed the foregoing document as incorporators, and that the statements therein contained are true.

IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year above written.

Loy Bransom

Notary Public, Johnson County, Texas.

My commission expires

June 1, 1965.

March 8, 1972

MEMORANDUM TO MR. BRANSOM

The Bethesda Water Supply Corporation was incorporated under the provisions of the Texas Non-Profit Corporation Act, and Article 1434a, Revised Civil Statutes of Texas. With respect to annual meetings, it is provided by Section 5, Article 1434a that:

"Sec. 5. After the issuance of a charter and annually thereafter following the annual membership or stockholders meeting, the board of directors shall elect a president, a vice president, and a secretary-treasurer and may require of such officers bonds for the faithful performance of their duties. The annual meeting of the members or stockholders of the corporation shall be held at any time between January 1 and May 1 of each year, at such time as shall be specified by the by-laws or the board of directors of the corporation. The salaries of all the officers of said corporation except that of the secretary-treasurer and of the manager whose salary is hereinafter referred to, shall not exceed Five Thousand Dollars (\$5,000) per year. The salary of the secretary-treasurer shall be fixed by the board of directors at a sum commensurate with the duties required of him."

As amended by the Acts of 1967, effective June 8, 1967.

Article 1396--2.23 of the Non-Profit Corporation Act provides:

"Art. 1396--2.23. Books and Records

"A. Each corporation shall keep correct and complete books and records of account and shall keep minutes of the proceedings of its members, board of directors, and committees having any authority of the board of directors and shall keep at its registered office or principal office in this State a record of the names and addresses of its members entitled to vote.

"B. All books and records of a corporation may be inspected by any member, or his agent or attorney, for any proper purpose at any reasonable time. Acts 1959, 56th Leg., p. 286, ch. 162, art. 2.23."



OFFICE OF THE SECRETARY OF STATE

**CERTIFICATE OF AMENDMENT
OF**

BETHESDA WATER SUPPLY CORPORATION

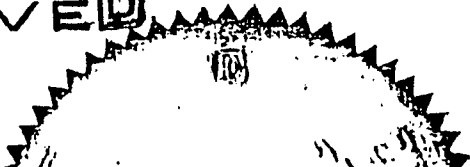
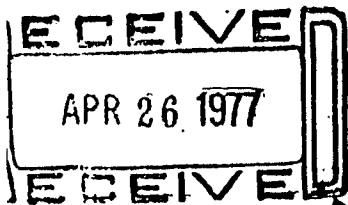
Charter No. 208329

The undersigned, as Secretary of State of the State of Texas, hereby certifies that duplicate originals of Articles of Amendment to the Articles of Incorporation of the above corporation duly signed and verified pursuant to the provisions of the Texas Non-Profit Corporation Act, have been received in this office and are found to conform to law.

ACCORDINGLY the undersigned, as such Secretary of State, and by virtue of the authority vested in him by law, hereby issues this Certificate of Amendment to the Articles of Incorporation and attaches hereto a duplicate original of the Articles of Amendment.

Dated April 18, 19 77.

Secretary of State



ARTICLES OF AMENDMENT BY THE MEMBERS
TO THE ARTICLES OF INCORPORATION OF
BETHESDA WATER SUPPLY CORPORATION

APR 18 1977

Mark L. Fox

Deputy Director, Corporation Division

Pursuant to Article 1396-4.03 of the Texas Non-Profit Corporation Act, the undersigned corporation adopts the following Articles of Amendment to its Articles of Incorporation, which increases the monthly deposit to its reserve fund and increases the maximum amount of such reserve fund.

ARTICLE I

The name of the corporation is BETHESDA WATER SUPPLY CORPORATION.

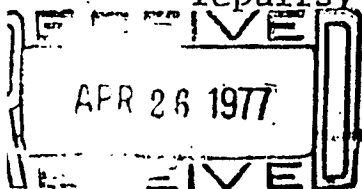
ARTICLE II

The following amendment to the Articles of Incorporation for said corporation was adopted at a meeting of the members of the corporation on March 15, 1977.

Article XII of the Articles of Incorporation is hereby amended so as to read as follows:

"The Directors of the Corporation shall establish and maintain, so long as the Corporation is indebted to the Government in a bank within the State of Texas, insured with the Federal Deposit Insurance Corporation, a reserve fund account separate and apart from other fund accounts of that Corporation. There shall be deposited in such fund the sum of \$800.00 per month from the revenues of the Corporation. Such deposits will continue until the total amount deposited equals \$160,000.00; provided, however, that after any withdrawals, such deposits shall be resumed until the amount accumulated in the fund is restored to \$160,000.00.

"Withdrawals from this fund shall be made only for emergency repairs, obsolescence of equipment, and for making up any



deficiencies in revenue for loan payments. One of the objects of this reserve fund is to assure, during the periods of non-water deliveries or water shortages, the availability of funds equal to the difference between the collection from the sale of water and collections that would have been made had the members been able to purchase the quantity of water used normally.

"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 they shall deposit said sums at interest in a savings account, in a bank insured with the Federal Deposit Insurance Corporation. Securities so purchased shall be deemed at all times to be a part of the reserve fund account."

ARTICLE III

A quorum was present at such meeting at which the amendment was adopted, there having been 879 members present or represented by proxy of the total number of members of 2,618.

ARTICLE IV

Such amendment received at least two-thirds of the votes cast by the members who were present or who voted by proxy at such meeting. The number of shares of the corporation entitled to vote at the time of such adoption was 879. The number of shares voted for such amendment was 872. The number of shares voted against such amendment was 6.

Dated: April 15, 1977.

BETHESDA WATER SUPPLY CORPORATION

SWORN TO April 15, 1977.

By: Lay Branson President

GE Branson
Notary Public in and for
Johnson County, Texas

By: W. F. Anderson Secretary

RECEIVED

APR 26 1977