

BYLAWS OF THE
RIVER ACRES WATER
SUPPLY
CORPORATION

Approved by the Membership on
April 28, 2022

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BYLAWS OF THE RIVER ACRES WATER SUPPLY CORPORATION

ARTICLE I NAME OF CORPORATION

1.01. Name of Corporation. The name of the corporation shall be "River Acres Water Supply Corporation.

ARTICLE II ESTABLISHMENT OF RULES

2.01. Code of Rules. These bylaws constitute the code of rules adopted by the River Acres Water Supply Corporation for the regulation and management of its affairs.

ARTICLE III PURPOSE OF THE CORPORATION

3.01. Purpose. As set forth in the Articles of Incorporation, the River Acres Water Supply Corporation (the Corporation) shall exist for the purpose of providing safe and reliable water services to the community at a responsible and cost-effective rate while maintaining standards of excellence in customer service and environmental conservation.

3.02 Nonprofit. The Corporation shall be and is a nonprofit corporation under the laws of Texas. The service area of the Corporation is the unincorporated area of Robstown and the surrounding areas.

Texas Statutes, Business Organization, Title 2 Corporations, Ch 22, Nonprofit Corporation, Subchapter A. General Provisions, Sec 22.001 (5). Eff. Sept 01, 2019

ARTICLE IV BOARD OF DIRECTORS

4.01. Powers. The Board of Directors of this Corporation is vested with the management of the business and affairs of this Corporation, subject to the Texas Business Organizations Code, the Certificate of Incorporation, and the Bylaws.

Texas Statutes, Business Organization, Title

2 Corporations, Ch 22, Nonprofit Corporation, Subchapter C. Formations and Governing Documents, Sec 22.102 (a) (b). Eff. Jan 01, 2006

4.02. Qualifications. A person must be a member of good standing of the Corporation and at least eighteen (18) years of age in order to serve as a Director. A person is not qualified to serve as a director if the person has been determined by a final judgment of a court exercising probate jurisdiction to be totally mentally incapacitated; or partially mentally incapacitated without the right to vote; or has been finally convicted of a felony from which the person has not been pardoned or otherwise released from the resulting disabilities.

Texas Statutes, Water Code, Title 4, Chapter 67, Sec 67.0051 (a) (1) Eff. Sept 01, 2011. This section amended by the Board of Directors on February 21, 2023 (see Amendment One at the end of this document).

4.03. Eligibility Requirements. See ARTICLE IX MEMBERS, 9.01. Eligibility of Members.

Texas Statutes, Business Organization, Title 2 Corporations, Ch 22, Nonprofit Corporation, Subchapter E. Management, Sec 22.203. Eff. Jan 01, 2006

4.04. Number of Directors. The number of Directors shall be seven (07), a majority of whom shall constitute a quorum. **Texas Statutes, Business Organization, Title 2 Corporations, Ch 22, Nonprofit Corporation, Subchapter E. Management, Sec 22.204 (b). Eff. Jan 01, 2006**

4.05. Terms of Directors. There are no term limits and, therefore, Directors may serve any number of consecutive terms.

4.06. Election of Directors. Elections for Directors filling expired terms shall be held on the 4th Thursday of April at the regular meeting of the membership. If after the deadline for application of a Director's position passes and there are no candidates wishing to run, and the existing positions remain unopposed, no election shall be held.

Texas Statutes, Water Code, Title 4, Chapter 67, Sec 67.0054, 67.0055. Eff. May 18, 2013

4.07. Staggered Terms. Each Director shall hold office until the meeting when his/her term expires and until his/her successor has been qualified and elected. The Directors shall be divided into three (3) classes, each class to be as near as equal in number as possible. At each 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 meeting.

Texas Statutes, Water Code, Title 4, Chapter 67, Sec 67.005. Eff. Sept 01, 1997

Texas Statutes, Business Organization, Title 2 Corporations, Ch 22,

4.08. Resignation. Any Director may resign at any time by delivering written notice to the Secretary or President of the Board of Directors. Such resignation shall take effect upon receipt or, if later, at the time specified in the notice. A Director who resigns cannot be reappointed to the Board of Directors within 90 days of the resignation.

Texas Statutes, Business Organization, Title 2 Corporations, Ch 22, Nonprofit Corporation, Subchapter E. Management, Sec 22.2111. Eff. Jan 01, 2006

4.09. Removal of Directors.

A. Removal of Directors by Members.

Any member or Director may present charges against a Director or Officer by filing such charges in writing with the Secretary-Treasurer of the Corporation. Charges may include, but are not limited to harassment, dishonesty, spreading disinformation, breach of integrity, and disruption of meetings. The charges must be accompanied by a petition signed by at least eighty (80) Members in good standing with the Corporation. Such removal shall be voted on at a Special meeting of the Membership and shall be effective if approved by a vote of 2/3 majority of those voting if a quorum of members is present. The Director(s) against whom such charges have been presented shall be informed in writing of such charges at least twenty (20) 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 of Directors thus created shall be filled by a qualified person other than the removed Director(s) upon a vote of a majority of the Board of Directors. A vacancy in any office thus created shall be filled by the remaining Board of Directors from among their number so constituted after the vacancy in the board has been filled.

B. Removal of Directors by the Board of Directors.

Any member of the Board of Directors who is absent from the regular meeting of the Board of Directors, except for good cause shown, a total of three (03) times per election cycle can be removed as a Director by the Majority vote of a quorum of the Board of Directors. The vacancy shall be filled by the Board of Directors as provided by the Bylaws and Policy Provisions of River Acres Water Supply Corporation. Any member of the Board of Directors whose conduct is determined to be inconsistent with the best interests of River Acres Water Supply Corporations shall be subject to

removal by a majority vote of a quorum of the Board of Directors. Conduct which shall subject a board member to removal may include, but is not limited to the following:

- (a) Breach of a Director's duty of loyalty to the Corporation or its members.
- (b) An act or omission by a Director, not in good faith, that constitutes a breach of duty or that involves intentional misconduct or a knowing violation of the law;
- (c) Harassment of another Director/s outside or within that Director/s workplace.
- (d) A transaction from which a Director received an improper benefit, whether or not the benefit resulted from an action taken within the scope to the Directors office;
- (e) An act or omission by a Director for which a Director is otherwise liable to the Corporation or its members, expressly provided for by applicable statute;
- (f) The failure of any Director to comply with any corporation policy or director requirements regarding conduct of board member and continued eligibility to serve on the Board of Directors as adopted by the Board of Directors from time to time.
- (g) The inability or unfitness of a Director to perform the duties of the office or any other good cause.

Any Director may be censured, at any time, by a majority vote of the entire Board of Directors, at a Regular or Special Meeting called for that purpose. First and second censure will be done formally in a written format and made a part of the permanent records of the Corporation. If a Director is censured by a majority of the Board of Directors for a third time, the Director shall be automatically removed from the Board of Directors.

The President of the Board of Directors shall preside at any meeting of the Members convened to consider removal of a Director unless the President is the subject of charges, in which event the Vice-President shall preside. In the event both the President and Vice-President are the subject of removal, those Directors who are not the subject of removal shall appoint one of the other Directors to preside over the meeting. Any meeting convened to consider the removal of a Director shall be conducted in accordance with the procedures prescribed by the Board of Directors. A Director that has been removed under the provisions of this Article shall be precluded from subsequent election to a position on the Board of Directors at the next Election of Directors.

Texas Statutes, Business Organization, Title 2 Corporations, Ch 22, Nonprofit Corporation, Subchapter E. Management, Sec 22.211. Eff. Jan 01, 2006

Texas Rural Water Association, Bylaws, Article V Membership, 5.04

4.10. Vacancies. Vacancies shall be filled by majority vote of the remaining members

of the Board of Directors, though less than a quorum and the Director filling the vacancy shall serve for the remaining balance of the previously vacated term. Vacancies shall be filled with the best candidate. Any Director may make nominations to fill vacant directorships.

Texas Statutes, Business Organization, Title 2 Corporations, Ch 22, Nonprofit Corporation, Subchapter E. Management, Sec 22.212. Eff. Jan 01, 2006

4.11. Compensation. Directors shall not receive any stated salary for their services except as provided for by state law.

4.12. General Standards. In conducting their duties as members of the Board of Directors, Directors 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. Nevertheless, Directors must disclose any knowledge they may have concerning a matter in question that makes reliance otherwise provided herein to be unwarranted.

Texas Statutes, Business Organization, Title 2 Corporations, Ch 22, Nonprofit Corporation, Subchapter E. Management, Sec 22.221. Eff. Jan 01, 2006

4.13. Indemnification. A director is not liable to the corporation, a member, or another person for an action taken or not taken as a director if the director acted in good faith and reasonably believed that his/her conduct was in the corporation's best interests.

Texas Statutes, Business Organization, Title 2 Corporations, Ch 22, Nonprofit Corporation, Subchapter D. Members, Sec 22.152. Eff. Jan 01, 2006

ARTICLE V

ELECTIONS OF DIRECTORS

5.01. Procedures. The Board of Directors shall adopt, and from time to time may revise, written procedures for conducting Membership meetings, including notification to the Membership of the proposed agenda, location, and date of the meeting; election procedures; approval of the ballot form to be used; and validation of eligible voters, ballots, and election results. At least thirty (30) days before the date of a Membership meeting that includes an election, the Corporation shall mail to each member of record at the address last known to the Corporation written notice of such meeting indicating the time, place, and purpose of such meeting; the election

ballot; and for director elections, a statement of each candidate's qualifications, including biographical information as provided in each candidate's application. The election ballot for director elections must include the number of directors to be elected, names of the candidates, and the director's position sought, including any position number or other distinguishing number/letter (ie, 1a,1b,1c,2a,2b,3a,3b).

Texas Statutes, Water Code, Title 4, Chapter 67, Sec 67.0053. Eff. May 18, 2013

5.02. Election Auditor. The Board of Directors shall select an independent auditor not later than thirty (30) days before a scheduled date of a Membership meeting where an election will be held. The independent election auditor is not required to be an experienced election judge or auditor and may serve as an unpaid volunteer. At the time of selection and while serving in the capacity of an independent election auditor, the independent election auditor may not be associated with the Corporation as an employee; a director or candidate for director; or an independent contractor engaged by the Corporation as part of the Corporation's regular course of business. The independent election auditor shall receive and count the ballots before the meeting is adjourned. The independent election auditor shall provide the Board of Directors with a written report of the election results.

5.03. Voting Requirements. For any election, a member may vote in person at the Membership meeting; by mailing a completed ballot to the office of the independent election auditor or to the Corporation's main office which must be received by noon on the business day before the date of the meeting; by text to vote, if available; or by delivering a completed ballot to the office of the independent election auditor or to the Corporation's main office by noon on the business day before the date of the meeting.

5.04. Credentials Committee. 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 at no time have sufficient board members appointed to constitute a quorum of the Board of Directors. This committee, in accordance with procedures adopted by the Board of Directors, shall recommend for Board of Directors approval the election procedures and all related forms and notices, recommend for Board of Directors approval a person to fill the role of independent election auditor, ensure that the election procedures are implemented, and serve other functions designated in the Corporation's election procedures. Should the individual holding the office of Secretary-Treasurer be running for re-election, the Board of Directors will appoint a director not running for re-election to serve as chairperson of this committee.

5.05. List of Voting Members. After fixing a date for the notice of 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 Official Interoffice Members list must show the name, address and account number of each voting member, The Official Interoffice Members list is NOT for public viewing. The Board of Directors shall have a list of only the member's names for public viewing purposes only no later than two (2) business days after the date notice is given of the annual meeting and continuing through the meeting. This list will be available for thirty (30) days after the annual meeting. Refer to the procedures in the Public Information Act to request a copy within this time frame.

ARTICLE VI

CONFLICT OF INTEREST POLICY

6.01. Conflict of Interest. 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. Such policy, at a minimum, shall be in conformance with the provision of the Texas Business Organizations Code pertaining to the duties and responsibilities of the Board of Directors.

SECTION VII

BOARD OF DIRECTOR MEETINGS

7.01. Place of Board of Director Meetings. Meetings of the Board of Directors shall be held at such time and place as the Board may determine at the previous meeting.

7.02 Regular and Special Meetings. The Board of Directors shall hold at least six (06) regular meetings a year but may meet more frequently if circumstances require. Special Meetings may be called by the President or any three (3) Directors. Failure to hold or call a regular or special meeting in accordance with these Bylaws shall give each member rights to compel the Board of Directors to properly hold a meeting of the Membership. A workshop orientation meeting may be held for new members of the Board of Directors.

Texas Statutes, Business Organization, Title 2 Corporations, Ch 22, Nonprofit Corporation, Subchapter D. Members, Sec 22.155. Eff. Jan 01, 2006

7.03. Executive Session Meetings. The Board of Directors may, upon lawful notice to the public, meet in executive session when permitted, in the manner and for such limited purposes as provided for in the Texas Open Meetings Act, as amended, and for no other reason. All proceedings of any meeting at which a quorum of Directors is present to discuss the business of the Corporation shall be recorded in the manner required by the Texas Open Meetings Act.

7.04 Quorum. At all meetings of the Board of Directors the Presence of a majority of the number of directors serving at the time shall be necessary and sufficient to

constitute a quorum for the transaction of business and the act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, except as may be otherwise specifically provided by statute or Bylaws.

7.05. Notice of Board of Director Meetings. Meetings of the Board of Directors shall include posting of the meeting as required by the Texas Open Meetings Act. The Board of Directors shall ensure that all meetings comply with the requirements of the Open Meetings Act, Chapter 551, Texas Government Code, including any subsequent amendment thereto.

Prior to convening any special meetings of the Members or meeting of the membership, 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 notice, as required under Texas Business Organizations Code Section 22.156, and as provided under these Bylaws. Such notice shall specify the date, 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, or by electronic mail to each Member.

In the event of any conflict between the provisions of these Bylaws and the requirements of the Open Meetings Act, the provisions of the Open Meetings Act shall prevail.

Texas Statutes, Business Organization, Title 2 Corporations, Ch 22, Nonprofit Corporation, Subchapter D. Members, Sec 22.156. Eff. Jan 01, 2006

7.06. Emergency Board of Director Meetings. Emergency meetings of the Directors may be held on rare occasions and only when clearly authorized by the Texas Open Meetings Act. Notice of such emergency meeting shall be provided under the Bylaws and the Texas Open Meetings Act, at least two hours before the meeting is convened. It shall be the responsibility of the President, or a designee of that office, to ensure that proper notice is posted, and Directors are properly notified. In no event shall any emergency meeting of the Directors be convened where the business of such meeting could be considered at a regular or special meeting of the Directors receiving at least twenty-four (24) hours' notice as provided under these Bylaws.

In the event of any conflict between the provisions of these Bylaws and the requirements of the Open Meetings Act, the provisions of the Open Meetings Act shall prevail.

7.07. Meetings by teleconference. Any or all directors may participate in a meeting of the Board of Directors or a committee of the Board of Directors by means of

teleconference or by any means by which all participating in the meeting are able to communicate with one another, if an emergency or public necessity exists or the convening at one location of a quorum is impossible. Such participation shall constitute presence in person at the meeting.

Texas Statutes, Business Organization, Title 2 Corporations, Ch 22, Nonprofit Corporation, Subchapter A. General Provisions, Sec 22.002. Eff. Sept 01, 2019

7.08. Absence. Each Board of Director member is expected to communicate to the President in advance of all Board of Directors meetings stating whether he/she is able to attend in person or participate by teleconference or other agreed-upon means of communication. Any Board of Director member who is absent from three (3) unexcused Board of Director meetings or fails to participate for a full election cycle year shall be deemed to have resigned due to non-participation, and his/her position shall be declared vacant, unless the Board of Directors affirmatively votes to retain that director as a member of the Board.

7.09. Voting. Each Director shall have one vote. All voting at meetings shall be done in person/telephonically/video and no proxy shall be allowed.

Texas Statutes, Business Organization, Title 2 Corporations, Ch 22, Nonprofit Corporation, Subchapter D. Members, Sec 22.160. Eff. Jan 01, 2006

ARTICLE VIII

OFFICERS AND EMPLOYEES

8.01. Roster of Officers. Upon issuance of the Charter and annually thereafter on the first meeting of the Membership in April, the Board of Directors shall elect a President, a Vice-President, and a Secretary-Treasurer from among the Directors. Officers shall not receive any salary.

8.02. Election of Officers. All Officers shall serve one-year terms. The election shall be conducted at the Board of Directors' first meeting of the fiscal year and following the election of the new Board of Directors filling expired terms. Officers may serve consecutive terms without limit. The election of officers shall be by majority vote of the Board of Directors attending the meeting.

Texas Statutes, Water Code, Title 4, Chapter 67, Sec 67.006 (a). Eff. Sept 01, 1999

8.03. Resignation. Officers and employees may resign at any time by providing written notice to the Board of Directors.

Texas Statutes, Business Organization, Title 2 Corporations, Ch 22, Nonprofit Corporation, Subchapter E. Management, Sec 22.2111. Eff. Jan 01, 2006

8.04 Removal. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgement is in the best

interest of the Corporation.

8.05. Vacancies. If a vacancy occurs during the term of the office for any elected officer, the Board of Directors shall elect a new officer to fill the remainder of the term as soon as practical, by a majority vote of Directors present.

Texas Statutes, Business Organization, Title 2 Corporation, Ch 22, Nonprofit Corporation, Subchapter E. Management, Sec 22.212. Eff. Jan 01, 2006

8.06. President. The President shall preside and vote at all Members' and Directors' Meetings. The President shall perform all other duties that usually pertain to the office or are delegated by the Board of Directors. **For additional description of duties and responsibilities for this position refer to the RAWS Board of Directors Book.**

8.07. Vice President. The Vice-President shall, in case of the absence or disability of the President, perform the duties of the President. **For additional description of duties and responsibilities for this position refer to the RAWS Board of Directors Book.**

8.08. Secretary-Treasurer. The Secretary-Treasurer shall be responsible for all monies, records, files, and securities of the Corporation. The Secretary-Treasurer shall be responsible for the minutes of all meetings of the Corporation.

For additional description of duties and responsibilities for this position refer to the RAWS Board of Directors Book.

8.09. Employees. The Board of Directors may employ a manager/s to handle the business of the Corporation under the direction of the Board of Directors. The Board of Directors shall set the salary for the manager(s), employee(s). **For additional description of duties and responsibilities for this position refer to the RAWS Board of Directors Book.**

Texas Statutes, Water Code, Title 4, Chapter 67, Sec 67.012. Eff. Sept 01, 1997

8.10. Disciplinary. Refer to the Board of Directors Book.

ARTICLE IX

MEMBERS

9.01. Eligibility of Members.

- (a.) The Corporation shall have Members as defined by the Texas Water Code. All customers of the Corporation must hold a Membership or obtain their service through a Membership. A person or entity that holds an interest in property

solely as security for the performance of an obligation or that only builds on or develops the property for sale to others is not required to hold a Membership as a condition to receive service on a limited basis. 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 its published charges, rates, and conditions of service. Membership shall not be denied because of the applicant's race, color, religion, sex, age, marital status, familial status, handicap, and income from Public Assistance, disability, or national origin. It is the intent of the Corporation to provide service on a nondiscriminatory basis.

(b.) Where necessary for determining those Members entitled to notice of, or those Members entitled to vote at any meeting or any adjustment 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 Certificate 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 to the Corporation, preclude the holder of such mortgages from exercising legal rights pursuant to such mortgages upon proper notice to the Corporation.

9.02. Access to Meetings. The Board of Directors shall provide access for the public, new service applicants, or Members to the meetings of the Board of Directors by setting aside a time for hearing of suggestions, proposals, or grievances; however, there shall be no deliberations or actions by the Board of Directors unless such has first been noticed in accordance with the Texas Open Meetings Act. The Board of Directors shall establish reasonable rules for access to such meetings.

9.03. Membership Fee. The Membership fee is determined by the tariff which is approved by the Board of Directors. 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 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.

The Membership fee may be revised by the Board of Directors as the Board of Directors may determine to be appropriate. In determining the amount of the Membership fee; however, the Board of Directors 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 Member's own needs. Furthermore, the Board of Directors shall determine and administer such fee in a manner or in an amount which does not unreasonably deny service to financially deprived potential Members. Membership fees will be refundable.

9.04. Transfers of Membership. 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 without 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, 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 persons or other entity's stock, Membership, or other right of participation if the person or other entity fails to meet the

condition 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.

Notwithstanding anything to the contrary here-in-above 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 or transfer of a Membership.

Texas Statutes, Water Code, Title 4, Chapter 67, Sec 67.016. Eff. Sept 01, 1997

9.05. Rights of Members. Each member of the Corporation shall be entitled to only one vote, regardless of the number of memberships owned, on each matter submitted by the Board of Directors to a vote at a Regular or Special Membership meeting, except to the extent that the voting rights are limited or denied by the Certificate of Formation. The Board of Directors has the discretion to decide which, if any, matters shall be submitted to the members for a vote, except that the following decisions will always be submitted to the membership for a vote: dissolution of the corporation; merger or consolidation with another corporation; sale of substantially all of the corporation's assets; and most amendments to the corporation's Articles of Incorporation/certificate of formation.

Texas Statutes, Business Organization, Title 2 Corporations, Ch 22, Nonprofit Corporation, Subchapter D. Members, Sec 22.151. Eff. Jan 01, 2006

9.06. How the Membership Can Legally Act. The membership may act at a properly called meeting of the membership where a quorum is present. At such a meeting, a vote of a majority of the members in attendance shall be an act of the membership, except that a 2/3rds majority of the total membership shall be required for the following: dissolution of the corporation; merger or consolidation with another corporation; sale of substantially all of the corporation's assets; and most amendments to the Corporation's Certificate of Formation/Articles of Incorporation.

9.07. Quorum. A quorum of members for the transaction of business at a meeting of the members or shareholders is 5% of the members and shareholders present in person or by proxy.

ARTICLE X **MISCELLANEOUS**

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

10.02. Corporate Seal. The Seal of the Corporation shall consist of a circle within which shall be inscribed "RIVER ACRES WATER SUPPLY CORPORATION."

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

10.04. Reserve Accounts. The Directors of the Corporation may allocate to sinking fund(s) and reserve accounts such amount of profits as they deem necessary for maintenance, operation, capital improvements, expansions and replacements of all facility components, as provided by Section 67.008(d) of the Texas Water Code. Funds allocated by the Board of Directors to a sinking fund for replacement, amortization of debts, and payment of interest that are not required to be spent in the year in which deposited shall be invested in accordance with the provisions of Section 67.014(b) of the Texas Water Code. **Texas Statutes, Water Code, Title 4, Chapter 67, Sec 67.008 (d). Eff. Sept 01, 1997** **Texas Statutes, Water Code, Title 4, Chapter 67, Sec 67.014 (b). Eff. May 28, 1999**

10.05. Distribution Plan. The Corporation will follow all Local, State and Federal Laws 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 among 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 that is exempt from ad valorem taxation. By application or and acceptance of Membership in the Corporation, each Member grants the Corporation's Board of Directors that Member's permission to execute all instruments and documents necessary to effectuate such transfers to preserve the Corporation's statutory rights to exemption

from income and ad valorem taxation.

10.06.A. Texas Water Development Board Loan Requirement. For as long as the Corporation is indebted for a loan or loans made by or through the Texas Water Development Board, the Bylaws shall not be altered, amended, or Repealed without the prior written consent of the Executive Administrator.

10.06.B. USDA Loan Requirements. For so long as the Corporation is indebted for a loan or loans made to it by the United States of America through USDA Rural Development, RUS, The Corporation Shall insure with a reputable insurance company such of its properties and in such amounts as is required by the State Director of the USDA Rural Development, RUS, for the State of Texas.

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 full faith and credit of the United States of America, a reserve account separate and apart from other fund accounts of the Corporation. Securities so purchased shall be deemed at all times to be part of the reserve fund account. 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 prior written approval from USDA Rural Development, RUS. 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.

10.07. Income Distribution. The Corporation is a nonprofit corporation. Accordingly, no part of the income of the Corporation will be distributed to the Corporation's members, directors, or officers.

10.08. Assessments. 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 Corporations system during the year in which such charges are collected, the Board of Directors shall make and levy an assessment against each Member of the Corporation as the Board of Director may determine or as may be

required by Texas Water Development Board, so that the sum of such assessments and amount collected from water and other charges is sufficient to fully pay all costs of operation, maintenance, replacement and repayment of indebtedness for the year's operations, but this provision shall not operate for the benefit of any third party creditor other than Texas Water Development Board, 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.

In the event a Member should surrender their 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, shall not apply to relieve a Member of their obligation under special agreements covering Multiple-Membership certificates held by one Member which may have been required or approved by the Texas Water Development Board.

10.09. Financial Reports. The Board of Directors shall prepare or cause to be prepared a report of the financial activity of the Corporation at the Corporation's registered or principal office for at least three years after the close of the fiscal year.

With prior written request, corporate record, books, and annual reports, subject to exceptions provided by the Chapter 552, Texas Government Code, 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 Public Information Act and the provisions of these Bylaws, the provisions of the Public Information Act shall prevail.

10.10. Records. The Corporation shall keep correct, accurate 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 principal office in Texas.

10.11 Record Storage, Backups and Archived. The Corporation Shall keep all records properly stored and electronically backed up and archived.

10.12 Review of Bylaws. Bylaws should be reviewed by the Board of Directors at minimum every two (2) years.

ARTICLE XI
AMENDMENTS

11.01. Bylaws. These bylaws may be altered, amended, or repealed by a vote of a majority of the Members present, whether in person or by proxy, at any special meeting of the Members called for that purpose, where 5% of the members are present, 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 Bylaws as to effect a fundamental change in the intents and purposes of the Corporation. The Corporation may write addendums to the Bylaws by majority vote of a quorum of the Directors when required to comply with current law, or lenders, or update names of organizations and institutions. For so long as the Corporation is indebted for a loan or loans made to it, these Bylaws shall not be altered, amended, or repealed without the prior written consent to which the corporation is indebted to. **TBOC Sec. 22.102 ACTS 2003, 78th Leg.1, Ch. 182, Sec. 1, Eff JAN 01, 2006.**

ARTICLE XII
PLEDGE

12.01. Pledge. The Corporation pledges its assets for use in performing the functions of the Corporation as provided by law and the Corporation's Articles of Incorporation.

ARTICLE XIII
ADOPTION

13.01. Adoption. The preceding Bylaws were approved by the Membership and adopted as amended by the RIVER ACRES WATER SUPPLY CORPORATION Board of Directors, at an Annual/Regular meeting of the members held on this

21th day of April, 2022.

President

Secretary-Treasurer

**FIRST AMENDMENT
TO THE
BYLAWS
RIVER ACRES WATER SUPPLY CORPORATION**

**THE STATE OF TEXAS §
§
COUNTY OF NUECES §**

WHEREAS, the Bylaws of the River Acres Water Supply Corporation, a Texas non-profit corporation, were approved and adopted at the Annual Meeting of the members of said corporation on April 28, 2022; and,

WHEREAS, Article XI of the **Bylaws Section 11.01. Bylaws** provides The Corporation may write addendums to the Bylaws by majority vote of a quorum of the Directors when required to comply with current law, or lenders, or update names of organizations and institutions.....; and,

WHEREAS, the Bylaws adopted by the members of the Corporation provide in **ARTICLE IV, BOARD OF DIRECTORS, Section 4.02. Qualifications**. A person must be a member of good standing of the Corporation and at least twenty-one (21) years of age in order to serve as a Director. A person is not qualified to serve as a director if the person has been determined by a final judgment of a court exercising probate jurisdiction to be totally mentally incapacitated; or partially mentally incapacitated without the right to vote; or has been finally convicted of a felony from which the person has not been pardoned or otherwise released from the resulting disabilities; and,

WHEREAS, the **WATER CODE, TITLE 4 GENERAL LAW DISTRICTS, CHAPTER 67. NONPROFIT WATER SUPPLY OR SEWER SERVICE CORPORATIONS, SUBCHAPTER A, GENERAL PROVISIONS, SECTION 67.0051** provides as follows:

Sec. 67.0051. QUALIFICATIONS FOR ELECTION OR APPOINTMENT AS
DIRECTOR. (a) To be qualified for election or appointment as a director, a person must be:

(1) 18 years of age or older on the first day of the term to be filled at the election or on the date of appointment, as applicable; and.....

WHEREAS, a majority of the Directors entitled to vote, represented in person and by proxy, constituting a quorum of the Directors at a meeting called for the purpose of amending the Bylaws as provided in the Bylaws have approved the amendment to the Bylaws set forth hereinbelow; and,

NOW, THEREFORE, for and in consideration of TEN AND NO/100THS (\$10.00) DOLLARS and other good and valuable consideration in hand paid, the receipt and sufficiency of which is hereby acknowledged, the Bylaws of the corporation are hereby amended, modified and changed as set forth hereinbelow.

1) The Bylaws approved by a majority vote of the Directors entitled to vote, represented in person and by proxy, constituting a quorum of the Directors at a regular meeting called for the purpose of amending the Bylaws as provided in the Bylaws and to comply with existing law, have amended, changed and modified the Bylaws and in particular **ARTICLE IV, BOARD OF DIRECTORS, 4.02. Qualifications** to read as follows:

Section 4.02. Qualifications. A person must be a member of good standing of the Corporation and at least eighteen (18) years of age in order to serve as a Director. A person is not qualified to serve as a director if the person has been determined by a final judgment of a court exercising probate jurisdiction to be totally mentally incapacitated; or partially mentally incapacitated without the right to vote; or has been finally convicted of a felony from which the person has not been pardoned or otherwise released from the resulting disabilities.

2) That from and after the date of the adoption of this amendment, the same are and shall become a part of the Bylaws approved by the members of the corporation at a Regular called meeting on August 28, 2022, as-if originally made a part thereof at the time the Bylaws were adopted.

4) Except as modified by this Amendment, the members of the Board of Directors of the Corporation ratify and confirm all of the terms and provisions of the Bylaws approved by the members of the corporation at the Annual Meeting of the member of the Corporation on April 28, 2022.

EXECUTED and APPROVED this 21st day of February 2022.

RIVER ACRES WATER SUPPLY CORPORATION

By Janine Pruski
Janine Pruski, its Secretary

By David Wishard
David Wishard, its President