

**NINTH AMENDED BY-LAWS  
OF  
KINGSLAND WATER SUPPLY CORPORATION  
Revised January 14, 2014**

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**AMENDED BY-LAWS  
OF  
KINGSLAND WATER SUPPLY CORPORATION  
Revised January 14, 2014**

**PREAMBLE**

Revised 01-13-09

These Amended By-Laws are intended to govern actions taken to achieve the purpose of the Kingsland Water Supply Corporation, a Texas Non-Profit Corporation, as stated in its Articles of Incorporation, filed in the Office of the Secretary of the State of Texas on June 23, 1970.

**ARTICLE I**

**Non-Profit**

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

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

**ARTICLE II**

**Offices of the Corporation**

The principal office of the Corporation in the State of Texas shall be located at 1422 West Drive, Kingsland, Texas 78639. The Corporation may have such other offices, within the State of Texas, as the Board of Directors may determine or as the affairs of the Corporation may require from time to time.

## ARTICLE III

### Members

#### Section 1: Eligibility of Members

Any person, including any legal entity owning or having a real property right to property served or which may 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 for water service as provided for in its published charges, rates and conditions for 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: Membership Fee

- (a) The Membership fee shall be a \$100, which shall be non-refundable. Payment of the Membership fee or transfer of the Membership shall entitle an applicant to qualify for one connection to the water 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 for service.
- (b) The Membership fee may be revised by the Board of Directors as the Board may determine. In no event, however, shall the Membership fee exceed an amount equal to the sum of twelve (12) monthly minimum water rates unless approved by USDA Rural Development, RUS.

#### Section 3: Voting Rights

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.

#### Section 4: Transfer of Membership

- (a) Except as herein provided, Membership in the Corporation shall be deemed personal property, and a person or entity who is a Member of the Corporation may not sell or transfer that Membership to another person or entity except: (1) by will to a transferee who is a person related to the testator with the second degree by consanguinity; (2) by transfer without compensation to a transferee who is a person related to the owner of the Membership within the second degree of 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 to another person or entity as part of the conveyance of real estate from which the Membership arose.
- (c) The transfer of a Membership under this section does not entitle the transferee to water service unless the full Membership fee is currently held by the Corporation and each condition for water service is met as provided in the Corporation's published rates, charges, and conditions for service. Revised 01-08-08
- (d) The Corporation may cancel a person's or entity's Membership if the person or entity fails to meet the conditions for water service as prescribed by the Corporation's published rates, charges, and conditions for service, or fails to comply with any other conditions placed on the receipt of water service under the Membership 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 a canceled Membership to any person or entity that has legal title to the real estate from which the canceled Membership 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 for service.
- (e) Notwithstanding anything to the contrary hereinabove provided, the consideration for the transfer of any Membership in the Corporation shall never exceed the amount of the original cost of such Membership. No gain or profit shall ever be realized from the sale or transfer of a Membership.

#### **Section 5: Determination of Membership**

Where necessary for determining those Members entitled to vote at any Membership 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 the record owners of Memberships as evidenced by the Membership transfer book on the 15<sup>th</sup> day of the month preceding the month in which the action requiring such determination is to be taken.

#### **Section 6: Termination of Membership**

All Members shall be billed, disconnected, or reconnected, and otherwise shall receive water service in accordance with the written policies of the Corporation, including the tariff of the Corporation. In the event a Member should surrender his/her Membership certificate properly endorsed to the Secretary-Treasurer of the Corporation, the water service shall be disconnected at the end of the current month. The member will be responsible for the charge for water used during the current month and any unpaid amounts due the Corporation for water service or special assessments shall be billed to the member. Revised 01-14-14

## **Section 7: Membership Certificates**

The Board of Directors may provide for the issuance of certificates evidencing Membership in the Corporation, which shall be in such form as may be determined by the Board of Directors and held for safekeeping in the account files of its Members. Such certificates shall be signed by the Secretary-Treasurer or President or Vice President. The name and address of each Member and the date of issuance of the certificate shall be entered on the records of the Corporation. If any certificate shall become lost, mutilated or destroyed, a new certificate may be issued upon such terms and conditions as the Board of Directors may determine. Upon termination of Membership, the Member shall sign his/her Membership certificate for surrender to the Corporation for transfer and/or cancellation of his/her Membership.

## **Section 8: Assessments**

- (a) 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 cost incident to the operation of the Corporation's water system during the fiscal year in which such charges are collected, the Board may make and levy an assessment against each Member of the Corporation as the Board may determine or as may be required by USDA Rural Development, Rural Utilities Service (RUS), so that the sum of such assessments and the amount collected from water and other charges is sufficient to fully pay all cost of operations, maintenance, replacement and repayment of indebtedness for the year's operation, or the emergency repairs.
- (b) In the event a Member should surrender his/her 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.

# **ARTICLE IV**

## **Meetings of Members**

### **Section 1: Annual Meeting**

An annual meeting of the Members shall be held on the second Tuesday of the fourth month following the end of the fiscal year (See Article XIII) for the purpose of reporting the financial and operating status of the Corporation, discussing any proposed changes in the By-Laws, introducing candidates for open Director positions, and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday in the State of Texas, the annual meeting shall be held on the next succeeding business day. If the election of Directors or voting on proposed changes to the By-Laws shall not be held on the day designated herein for the annual meeting, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the Members as soon thereafter as conveniently may be held, but no later than the date of the next regularly scheduled monthly meeting of the Board.

Revised 01-14-14

## **Section 2: Special Meetings**

Special meetings of the Members may be called by the President, the Board of Directors, or not less than one-third (1/3) of the Members. However, if the Membership submits a petition for “Removal of Officers and Directors” in accordance with Article VII, the Board of Directors is required to call a Special Meeting. Prior to convening any special meeting of the Members, the President shall require the Secretary-Treasurer to give at least a ten (10) day notice to the Members, as provided in 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.

Revised 01-08-08

## **Section 3: Place of Meeting**

The place of meeting for any annual meeting or for any special meeting shall be the registered office of the Corporation, but the Board of Directors may designate another convenient place in its written notice.

## **Section 4: Notice of Annual Meetings**

Written notice stating the place, day and hour of any meeting of Members shall be delivered by mail to each Member entitled to vote at such meeting, not less than fifteen (15) nor more than thirty (30) days before the date of such meeting, at the direction of the President. The notice of a meeting shall be deemed to be delivered when deposited in the United State mail and addressed to the Member at his/her address as it appears on the records of the Corporation.

## **Section 5: Quorum**

A quorum for the transaction of business at a meeting of the members or Shareholders is a majority of the Members and Shareholders present. All Members attending the meeting plus all Members who mailed or delivered ballots to the Independent Election Auditor in advance of the meeting are to be counted as “Present.”

Revised 01-14-14

## **Section 6: Manner of Acting**

A majority of the votes entitled to be cast on a matter to be voted upon by the Members present or represented by proxy at a meeting at which a quorum is present shall be necessary for its adoption unless a greater proportion is required by law or by these By-Laws.

## **Section 7: Membership List**

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 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, 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 convenient 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, during regular business hours and at his expense, copy the list.

## **Section 8: Credentials Committee**

Each year the Board of Directors will appoint a Credentials Committee of at least three individuals during the first business meeting after the annual members' meeting.

- The chairperson of the Credentials Committee will be the Secretary-Treasurer unless that individual is running for re-election the following year; in which case the Board will appoint a director not running for re-election to serve as chairperson of this committee.
- In filling the other two positions, the Board will appoint one other member of the Board who is not running for re-election and one other person from the membership who is not an employee of the Corporation.
- This committee shall:
  - Verify that candidates for Directors meet all qualifications for Director as specified in this document and the corporation's Conflict of Interest Policy.
  - Adopt proper procedures for conducting an annual or special Membership meeting.
  - Adopt procedures for proper notification of the Membership of such meeting.
  - Determine, qualify, and register the eligible voter for such meeting.
  - Determine presence of a quorum for conducting the meeting.
  - Design ballots, canvas all votes.
  - Institute proper recording of the results of such elections.

The Credentials Committee shall also be responsible for complete review of the Corporation's By-Laws and preparation of any proposed amendments when requested by the Board of Directors or every five years, whichever is less. Any proposed amendments are to be submitted to the Board of Directors for approval prior to being voted on by the Membership. Revised 01-14-14

Should a member of the Credentials Committee resign or become unable to serve, a replacement shall be appointed for the remainder of the year by a vote of the Board following the requirements stated above in this section. Revised 01-14-14



### **Section 9: Election Auditor**

The Board of Directors will select an independent election auditor (“Election Auditor”) not later than 30 days before the scheduled date of an annual meeting or special meeting that includes a change in the By-Laws or director election. An election auditor is not required for special meetings where there is no ~~director~~ election. Revised 01-14-14

- The Election Auditor is not required to be an experienced election judge or auditor and may serve as an unpaid volunteer.
- The Election Auditor cannot be associated with the Corporation as an employee, director or candidate for director, or independent contractor engaged by the Corporation as part of the Corporation’s regular course of business, or directly related to a Director, but may be a member of the Corporation.
- The Election Auditor: (1) oversees the validation of ballots; (2) receive and count the ballots before the annual meeting is adjourned; and (3) serve other functions as set forth in these procedures.
- The Election Auditor may be assisted by other members of the Corporation so long as those members are not Directors or employees of the corporation or directly related to the Director or employee of the Corporation. Revised 01-14-14

## **ARTICLE V**

### **Board of Directors**

#### **Section 1: General Powers**

The affairs of the Corporation shall be managed by its Board of Directors who must be members of the Corporation.

#### **Section 2: Number and Terms of Office**

Revised 01-14-14

- (a) The number of Directors shall be five (5). Each Director shall hold office until his successor shall have been elected and qualified.
- (b) The Directors shall be elected in staggered terms of three (3) years, for three (3) places on the Board of Directors. The two (2) Directors holding Place 1 shall be elected in 1998, and every third year thereafter; the two (2) Directors holding Place 2 shall be elected in 1999, and every third year thereafter; and the Director holding Place 3 shall be elected in 2000, and every third year thereafter.

### **Section 3: Vacancies**

Any vacancy occurring in the Board of Directors or any Directorship to be filled by reason of a decrease in the number of Directors shall be by majority vote of the remaining Directors, though less than a quorum of the Board of Directors. A Director so elected to fill a vacancy shall serve until the next regular or special Membership meeting at which time the Membership shall elect a successor for the remaining balance of the vacated term.

### **Section 4: Regular Meetings; Notice**

- (a) Regular monthly meeting of the Board of Directors shall be held at such time and place as the Board may determine at the previous regular meeting, and shall include posting of the meeting as required by the Texas Open Meetings Act, by furnishing the notice to the county clerk or clerks of the county or counties in which the Corporation provides service, and by posting such notice in a place readily convenient to the public in its administrative office 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 of the Board of Directors.
- (b) Regular meetings may be adjourned from time to time for the transaction of further business, provided that notice is posted as required in Sections 4 (a) and 6 of this Article.

### **Section 5: Special Meetings; Notice**

Special meetings of the Board of Directors may be called by the President or one-third (1/3) of the Members, upon giving notice as required for regular meetings. Special emergency meetings may be called by the President or a majority of the Directors in the manner provided for regular meetings at least two hours before the meeting is convened. It shall be the responsibility of the President or his/her designee to ensure that proper notice is posted. In no event shall any special emergency meeting of the Directors be convened where the business of such meeting could be considered at a meeting of the Directors receiving at least a seventy-two (72) hour notice as provided in Sections 4 (a) and 6 of this Article.

### **Section 6: Open Meetings**

The Board of Directors shall ensure that all meetings comply with the requirements of the Open Meetings Act, Chapter 551, Texas Government Code, and any amendments 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 7: Quorum**

A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board; but if less than a majority of Directors is present at the meeting, a majority of the Directors present may adjourn the meeting from time to time with notice as provided in these By-Laws.

## **Section 8: Manner of Acting**

- (a) The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by law or by these By-Laws.
- (b) 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 provisions of the Texas Non-Profit Corporation Act pertaining to duties and responsibilities of the Board of Directors.
- (c) The Secretary-Treasurer shall prepare an Investment Policy to define the way the Corporation invests money it holds. Such policy shall be reviewed and modified as appropriate and approved annually by the Board of Directors. Revised 01-08-08
- (d) The Board of Directors shall provide access for the public, new service applicants or Members to the regular monthly meeting 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.
- (e) 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 service, advice or 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 provisions for the discharge of its liabilities and obligations, 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; provided the Director reasonably believes such matter 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 may make that reliance unwarranted.

## **Section 9: Annual Report**

Annually, the Board of Directors shall prepare or cause to be prepared a report of the financial activity of the Corporation for the preceding fiscal year, including a statement of support, revenue, and expenses, changes in fund balances, a statement of functional expenses, balance sheets for all funds and such financial reports as required by USDA Rural Development, Rural Utilities Service (RUS) or its successor agencies and assigns. Such report shall be approved by the Board of Directors.

The President and/or General Manager will present a report of major activities and accomplishments of the Corporation for the past year. This report shall explain major expenditures, extensions/improvements in the water system, changes in organizational structure, significant change in the operating processes of the Corporation, and plans for any significant changes during the following year. Revised 01-14-14

**Section 10: Compensation**

Directors shall not receive any salaries for their services. Each Director shall be reimbursed for reasonable expenses expended by a Director in the performance of their duties. Directors will not be paid mileage to and from Board meetings. Unusual or special expenses of a Director may be compensated upon a majority vote of the Directors at a Regular or Special Meeting of the Board of Directors.

**Section 11: Non-Attendance of Directors**

Any Director failing to attend three (3) meetings during an annual period shall be given written notice by the Board of Directors that failure to attend a fourth meeting within the same annual period, shall give rise to removal of that Director from the Board. Upon failure of the Director to attend a fourth meeting, the Board may at that time determine if the Directorship shall be vacated.

**Section 12: Directors Liability Insurance**

The corporation shall indemnify its present or former directors and officers, employees, agents and other persons who are or have provided services to the Corporation to the fullest extent permissible by, and in accordance with the procedures contained in, Article 2.02-1 of the Texas Business Corporation Act. Revised 01-14-14

**ARTICLE VI**

**Officers**

**Section 1: Officers**

The Officers of the Corporation shall be a President, a Vice President and a Secretary-Treasurer. No two or more offices may be held by the same person.

**Section 2: Election and Term of Office**

The Officers of the Corporation shall be elected annually by the Board of Directors at the regular meeting of the Board of Directors following the Annual Membership meeting. Each Officer shall hold office until his successor shall have been duly elected and shall have qualified.

### **Section 3: Vacancies**

A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by majority vote of the Board of Directors at a regular or special meeting of the Board of Directors for the unexpired portion of the term.

### **Section 4: President**

The President shall be the principal executive officer of the Corporation and shall in general supervise and control all of the business and affairs of the Corporation. He or she shall preside at all meetings of the Members and of the Board of Directors. He or she may sign, with the Secretary-Treasurer or any other proper officer of the Corporation authorized by the Board of Directors, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these By-Laws or by statute to some other officer or agent of the Corporation; and in general he or she shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

### **Section 5: Vice President**

In the absence of the President or in the event of his or her inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting, shall have all the powers of and subject to all the restrictions placed upon the President. The Vice President shall perform such other duties as from time to time may be assigned to him or her by the President or by the Board of Directors.

### **Section 6: Secretary-Treasurer**

- (a) The Secretary Treasurer shall keep the minutes of the meetings of the Members and of the Board of Directors in one or more books provided for that purpose; see that all notices are duly given in accordance with the provisions of these By-Laws or as required by law; be custodian of the Corporate records; and keep a register of the post office address of each Member which shall be furnished to the Secretary by such Member. He or she shall have charge and custody of and be responsible for all funds and securities of the Corporation; receive and give receipts for moneys due and payable to the Corporation from any source whatsoever, and deposit all such moneys in the name of the Corporation in such banks, trust companies or other depositories as shall be selected by the Board of Directors; and in general perform all the duties incident to the office as from time to time may be assigned to him or her by the President or by the Board of Directors.
- (b) He or she may sign, with the President or any other proper officer of the Corporation authorized by the Board of Directors, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors had authorized to be executed. Revised 01-14-14

- (c) The Secretary-Treasurer shall prepare an Investment Policy to define the way the Corporation invests money it holds. Such policy shall be reviewed, modified as appropriate and approved annually by the Board of Directors.
- (d) The Board of Directors may appoint an employee as Assistant Secretary-Treasurer to assist the Secretary-Treasurer in all official duties pertaining to that office.

### **Section 7: Bond**

All officers shall give a bond for the faithful discharge of their duties in such sum and with such surety as the Board of Directors shall determine annually. The fidelity bond coverage amount shall approximate the total annual debt service requirements for all USDA Rural Development, RUS or other loans and be evidenced by a position fidelity schedule bond as acceptable to the USDA Rural Development, RUS, or other lending agency.

## **ARTICLE VII**

### **Removal of Officers and Directors**

- (a) Any Member, Officer, or Director may present conflict of interest or malfeasance 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 Membership. Such removal shall be voted on at a regular or special meeting of the Membership at which a quorum is present, and shall be effective if approved by a vote of two-thirds (2/3) majority of those present and voting, either in person or by proxy.
- (b) The Director(s) or Officer(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 may appear and be heard in person or by counsel, and present evidence and witnesses on his behalf.
- (c) If a Director or Officer is removed, the President shall declare the Directorship or Office vacated, and the vacancy shall be filled as provided in Article V, Section 3 above.
- (d) The President of the Board or his/her designee shall preside at any meeting of the Members convened to consider removal of any Officer or 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 charges, those Directors who are not the subject of any charges shall appoint one of their number to preside over the meeting.
- (e) Any meeting convened to consider the removal of an Officer or Director shall be conducted in accordance with the procedures prescribed by the Credentials Committee established under the provisions of Article IV, Section 8 above.

Revised 01-14-14

- (f) The fact that the President, Vice President, or any other Officer or Director has been made the subject of charges does not otherwise prevent such Officer or Director from continuing to act in his or her capacity as an Officer or Director until removed. Any Director who has been removed under the provision of this Article shall not be precluded from subsequent election to the Board of Directors.

## ARTICLE VIII

### Committees

#### Section 1: Committees of Directors

Committees of no more than two (2) members not having or exercising the authority of the Board of Directors in the management of the Corporation may be appointed from among the Directors in such manner as may be designated by a resolution adopted by a majority vote of the Directors. The President of the Corporation shall appoint the members thereof. Any committee member may be removed by the President whenever in his or her judgment the best interest of the Corporation shall be served by such removal.

#### Section 2: Term of Office

Each member of a committee shall continue as such until his/her successor is appointed, unless the committee shall be sooner terminated.

#### Section 3: Chairman

One member of each committee shall be appointed chairman by the President.

## ARTICLE IX

### Deposits, Checks, and Account

#### Section 1: Checks, Drafts, etc.

Revised 01-13-09

All checks, drafts or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by the Secretary-Treasurer and one of the following; President, Vice President, General Manager or Assistant Secretary-Treasurer, or in the absence of the Secretary Treasurer two of the following: President, Vice President, General Manager or Assistant Secretary-Treasurer.

## **Section 2: Reserve Account**

- (a) The Directors of the Corporation shall establish and maintain a “Reserve Account”, so long as the Corporation is indebted to the government. Such Reserve Account shall be kept separate and apart from other fund accounts of the Corporation, and shall be held 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 or its Agencies or Instrumentalities. There shall be deposited in such fund the sum as required by a total of all 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.
- (b) Withdrawals may be made from this fund only upon prior written approval from USDA Rural Development, RUS. Approval shall be made only for emergency repairs, obsolescence of equipment, improvements to facilities, and for making up any deficiencies in revenue for loan payments.

## **ARTICLE X**

### **Contracts and Gifts**

#### **Section 1: Contracts**

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No contract shall be entered into without approval by the Board of Directors. However, the Board of Directors may authorize any Officers or agents of the Corporation to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

Specifically, the Board of Directors may authorize the General Manager and/or any Committee established by the Board of Directors to execute contracts for routine services up to a limit set by the Board. Expenditures authorized under this section with any one entity may not exceed \$50,000.00 in one year without specific approval of the Board.

#### **Section 2: Gifts**

The Board of Directors may accept on behalf of the Corporation any contribution, gift, bequest or devise for the general purposes or for any special purpose of the Corporation.



## ARTICLE XI

### Employees

#### Section 1: Manager

The Business of the Corporation may be handled under the direction of the Board of Directors by a Manager to be selected for hire by a majority vote of the Board. The Manager shall serve with or without compensation. The Manager, with the approval of the Board of Directors, may employ such supervisory, clerical or other employees as may be required to effectively operate the business of the Corporation.

#### Section 2: Employment Policies

The Board of Directors shall adopt written employment policies for employment, compensation, and discipline as may be required for the operation of the Corporation. Such employment policies shall be available for public inspection during normal business hours.

## ARTICLE XII

### Open Records

#### Section 1: Books and Record

The Corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its Members and Board of Directors and shall keep at its registered or principal office a record giving the names and addresses of the Members entitled to vote.

#### Section 2: Public Inspection

Upon written request, corporate records, books and annual reports, subject to exceptions provided by the Public Information Act, 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.

#### Section 3: Conflict

In the event of any conflict between the provisions of the Public Information Act and the provisions of these By-Laws, the provisions of the Public Information Act shall prevail.

## **ARTICLE XIII**

### **Fiscal Year**

The fiscal year of the Corporation shall begin on October 1 of each year and end on September 30 of the following year.

## **ARTICLE XIV**

### **Insurance**

For so long as the Corporation is indebted for a loan or loans made to it by the United States of America through the USDA Rural Development, RUS, the Corporation shall insure with a reputable insurance company in good standing in Texas, 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, or other Lender.

## **ARTICLE XV**

### **Dissolution-Distribution of Assets**

Upon the discontinuance of the Corporation by dissolution or otherwise, all assets of the Corporation remaining after payment of all indebtedness of the Corporation shall be distributed among the Members equally. Any indebtedness due to the Corporation by a Member for water service or assessments shall be deducted from the Member's share prior to final distribution.

## **ARTICLE XVI**

### **Amendments to By-Laws**

These By-Laws may be altered, amended, or repealed by a vote of a majority of the Members present at any annual meeting of the Corporation, or at any special meeting of the Corporation called for that purpose, except that the Members shall not have the power to change the purpose of the Corporation so as to decrease its rights and powers under the laws of the State, or to waive any requirements of bond or other provisions for the safety and security of the property and funds of the Corporation or its Members, or so to amend the By-Laws as to effect a fundamental change in the policies of the Corporation. Notice of any amendments to be made at a special meeting of the Members must be given at least ten (10) days before such meeting and the amendments to be voted on shall be posted during that time at the principal office 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 USDA Rural Development, RUS, these By-Laws shall not be altered, amended, or repealed without the prior written consent of the State Director of the USDA Rural Development, RUS, for the State of Texas.

## **ARTICLE XVII**

### **Adoption of Amended By-Laws**

- ❑ The First Amended By-Laws are hereby adopted by majority vote of the Members of Kingsland Water Supply Corporation on October 21, 1998.
- ❑ The Second Amended By-Laws are hereby adopted by majority vote of the Members of Kingsland Water Supply Corporation on January 08, 2002.
- ❑ The Third Amended By-Laws are hereby adopted by majority vote of the Members of Kingsland Water Supply Corporation on January 14, 2003.
- ❑ The Fourth Amended By-Laws are hereby adopted by majority vote of the Members of Kingsland Water Supply Corporation on January 10, 2006.
- ❑ The Fifth Amended By-Laws are hereby adopted by majority vote of the Members of Kingsland Water Supply Corporation on August 08, 2006.
- ❑ The Sixth Amended By-Laws are hereby adopted by majority vote of the Members of Kingsland Water Supply Corporation on January 09, 2007.
- ❑ The Seventh Amended By-Laws are hereby adopted by majority vote of the members of Kingsland Water Supply Corporation on January 08, 2008.
- ❑ The Eighth Amended By-Laws are hereby adopted by majority vote of the members of Kingsland Water Supply Corporation on January 13, 2009.
- ❑ The Eighth Amended By-Laws are hereby adopted by majority vote of the members of Kingsland Water Supply Corporation on June 27, 2012.
- ❑ The Ninth Amended By-Laws are hereby adopted by majority vote of the members of Kingsland Water Supply Corporation on January 14, 2014.