

BY-LAWS

HILLTOP WATER SUPPLY CORPORATION

By-Laws of Hilltop Water Supply Corporation, having been presented to the Board of Directors of said Corporation and duly adopted are as follows:

ARTICLE I

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

ARTICLE II

The Vice-President shall, in case of the absence or disability of the President, perform the duties of the President. (amended April 18, 2022 " The Secretary shall, in the case of the absence or disability of the President and the Vice-President, perform the duties of the President.")

ARTICLE III

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

ARTICLE IV

The Board of Director shall consist of Five (5) (amended January 30, 1978 "Nine (9)") members, a majority of whom shall constitute a quorum. The Board shall be elected by the members at the member' regular meeting provided for on Article IX of the By-Laws, and the director so elected shall serve for a term of one year (amended January 30, 1978 "three (3) years with staggered terms so that each year the term of three directors expires and those position must be filled by election). The directors shall serve without pay (amended April 18, 2022 "and be compensated by an amount to be determined by the Board of Directors"), and may be compensated for actual expenses by a majority vote of the directors. A majority of the Board of Directors shall be engaged in farming (amended April 18, 2022 " members in good standing") . Upon the death or resignation of a member of the Board of Directors a successor shall be elected by a majority vote of the directors remaining to serve out the remaining portion of the term thus vacated. (proposed amendment "the Board of Director shall elect a

President, Vice-President and Secretary-Treasurer from among themselves at the next board meeting following the members meeting each year.”

ARTICLE V

Regular meeting of the Board of Directors shall be held at such time and place as the board may determine at the previous regular meeting. No further notice to the directors of such regular meetings shall be required, and it shall be the duty of each director to attend the same without further notice.

ARTICLE VI

Membership in the Corporation shall be sold for ~~50.00~~ (**amended April 18, 2022 “an amount set forth in the tariff of the corporation”**) per member; provided, however that so long as the corporation is indebted to the United States of America for a loan or loans obtained through the Farmers Home Administration, the consent of the State Director of the Farmers Home Administration for the State of Texas must be obtained prior to the issuance of a new membership. Each holder of a membership in the Corporation shall ~~be given a (certificate ?)~~ (**proposed amendment “be added to the membership list upon approval of the Board”**) Membership shall entitle him to one connection to the water main of the Corporation and to one vote in the conduct of the affairs of the Corporation. A member shall vote either in person or by proxy executes in writing by the member or by his duly authorized attorney-in-fact. The member may own more than one membership certificate but each member will be entitled to only one vote.

ARTICLE VII

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

ARTICLE VIII

In order to insure that the 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 from the original members, their transferees, pledges, administrators or executors, or purchasers at judicial sale, to other persons, only after approval by the directors of the person proposing to buy said membership. Membership in the corporation shall be deemed personal estate, and shall be transferable only upon ~~surrender of the membership (certificate ?) endorsed by the record owner to the transferee,~~ (**proposed amendment “approval of the board”**) and after all indebtedness due to the Corporation has been paid by the transferor member.

ARTICLE IX

There shall be a regular meeting of the members annually, ~~during the month of January~~ (amended 1/29/1970 "this meeting shall be held between January 1 and May 1") Proposed amendment "May 31") to transact all business that may be properly brought before it. The Secretary-Treasurer 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 addressed and mailed to each member at his address last known to the Corporation. At all meeting of the members a majority of the ~~(amended 1/29/1970 "10% of")~~ (amended April 18, 2022 "3% of") members, present in person or represented by proxy, shall constitute a quorum to transact the business of the Corporation.

ARTICLE X

The power to give notice of special directors' and members' meetings shall be had by the President requesting ~~in writing~~ (amended April 18, 2022 " omit in writing") that the Secretary-Treasurer give ten (10) days' notice to such directors or members. Such notice shall indicate the time, place, and purpose of the meeting, ~~and shall be addressed and mailed to each member at his address last known to the Corporation.~~ (proposed amendment "and shall be posted at the office of the WSC at 1788 Cemetery Rd or E-Mailed to the members e-mail address on file"

Provided, however, that all such special meeting of directors and members may be held by unanimous consent ~~in writing of such directors and members respectively.~~ (amended April 18, 2022 "Omit this section")

ARTICLE XI

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

ARTICLE XII

~~All members will be billed for water charges on the twenty fifth (25th) day of each month, and bills will be payable before the fifth (5th) day of the following month. If payment is made after the fifth (5th) but before the tenth (10th) a late charge of ONE DOLLAR (\$1.00) will be made. If payment is not made for regular or addition water charges or any other indebtedness owing to the Corporation by the tenth (10th) day of the month after billing, the Corporation may discontinue water service without further notice. After water service has been disconnected by reason of non payment, the member will be charged a THREE DOLLAR (\$3.00) reconnect charge if he should later pay the amount due the Corporation on prior bills and request to be reconnected to the facilities of the Corporation. In the event that a member should notify the Corporation to discontinue his water service, his obligation to pay the minimum charge shall continue until he sells his membership to a purchaser who has been approved by the Corporation in the manner provided in Article VIII of these By-Laws.~~ (amended January 31, 1977 "All members will be billed, disconnected, or reconnected in accordance with the written policies of the

Corporation. In the event a member should surrender his membership certificate properly endorsed to the Secretary-Treasurer of the Corporation, his water shall be disconnected and his obligation to pay for water service shall terminate except as for the minimum charge for the current month or for the charge for water used during the current month, whichever is greater, and except as for any prior unpaid amounts due the Corporation. In the event a membership is canceled or a member surrenders his membership involuntary, the former member's rights and interest in the assets of the Corporation at the time of the cancelation or withdrawal are not forfeited."

ARTICLE XIII

The Board of Directors shall have the authority to sell the membership of any member in the event of non-payment of any water charges or any other indebtedness owing by said member within thirty (30) days after demand for payment by mail, properly addressed to such delinquent member at the address of the member, last known to the Corporation. The proceeds of any sale of membership over and above the amount due the Corporation shall be paid to the delinquent member. In lieu of such sale of membership, the Board of Directors may purchase the membership on behalf of the Corporation at a price determined by the board to be the fair value of the membership, provided that in the event of either a sale of the membership or the purchase thereof by the Corporation the proceeds of such sale be first applied to the payment of any indebtedness due the Corporation by the delinquent member.

ARTICLE XIV

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 required by the State Director of the Farmers Home Administration for the State of Texas.

ARTICLE XV

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

ARTICLE XVI

If at the end of any fiscal year 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 shall make and levy an assessment against each member of the Corporation 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 repayments on indebtedness, or other expense, for the year's operation. A proportionate amount of the necessary total of each assessments levied in any year shall be levied against each member in the amount which bears the same relation to the total assessment as the

number of service connections supplying such member bears to the total member of service connections with the system of the Corporation.

ARTICLE XVII

The books of the Corporation shall be audited (amended April 18, 2022 “ or a compilation of said books shall be prepared by a person competent to perform such audit or compilations at least once a year.”) The reports prepared by such auditor shall be submitted to the members at the annual meeting of such members.

ARTICLE XVIII

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

ARTICLE XIX

The seal of the Corporation shall consist of a circle within which shall be inscribed “HILLTOP WATER SUPPLY CORPORATION”.

The above BY-LAWS and REGULATIONS were unanimously adopted by the Board of Directors of the HILLTOP WATER SUPPLY CORPORARION at a meeting in the West Elementary School on the 4th day of March A.D. 1964.

W. F. Lands

Secretary-Treasurer
