

AMENDED AND RESTATED BYLAWS
OF
BITTER CREEK WATER SUPPLY CORPORATION

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OF

BITTER CREEK WATER SUPPLY CORPORATION

ARTICLE I

NAME AND PURPOSE

1.1 Name

The name of the corporation is Bitter Creek Water Supply Corporation (the Corporation").

1.2 Purpose

The corporation is a nonprofit corporation organized for the purpose of furnishing a water supply to towns, cities, private corporations, individuals, or military camps and bases, under Article 1434A of the Revised Civil Statutes of the State of Texas, 1925, *as* amended and supplemented by the Texas Non-Profit Corporation Act, Article 101 et seq; as amended, in addition to the above is authorized to exercise all powers, privileges and rights conferred on a corporation by these acts, and all additional privileges incidental to the carrying out of the purpose for which the corporation is formed, except such as are inconsistent with the express provisions of these acts.

1.3 Registered Office

The address of the registered office of the Corporation is 2803 East Broadway, Sweetwater, Texas 79556. The Corporation, may, in addition to its registered office, establish and maintain an office or offices at such other locations as the Board of Directors may, from time to time, find necessary or desirable.

ARTICLE 2

BOARD OF DIRECTORS

2.1 General Powers

The business and affairs of the Corporation shall be managed and controlled by a Board of Directors.

2.2 Qualifications

A person must be a member of the Corporation, or an authorized representative of a member, in order to serve as a Director. The Board of Directors shall consist of nine (9) Directors, a majority of who shall constitute a quorum. Upon issuance of the Charter and annually thereafter at the annual meeting of Members, the Board of Directors shall elect a

President, a Vice-President and a Secretary-Treasurer from among the Directors. The Directors shall be elected by the Members at the Annual Members' meeting provided in Article 6 of the Bylaws. The Directors shall be divided into three (3) classes, each class to be as near as equal in number as possible. The terms of the Directors of the first class shall expire at the first annual meeting of the Members after their election; the terms of the Directors of the second class shall expire at the second annual meeting after their election; and the terms of the Directors of the third class shall expire at the third annual meeting after their election. At each annual meeting after such classification, the number of Directors equal to the number of the class whose term expires at the time of such meeting shall be elected to hold office until the third succeeding annual meeting. Directors, as such shall not receive any stated salary for their services, except as provided for by state law. Directors shall be in good standing in their account(s) with the Corporation and adhere to these Bylaws, all policies of the Corporation, and all applicable laws of the State of Texas and the United States of America.

Upon the death, resignation or loss of membership status of a Director, a successor shall be appointed by a majority of the existing Directors to serve until the next regular or special Membership meeting, at which time the general Membership shall elect a successor for the remaining balance of the previously vacated term.

2.3 Removal from Office

Directors may be removed from office in the following manner, except as otherwise provided in Article V: Any Member or Director may present charges against a Director by filing such charges in writing with the Secretary-Treasurer of the Corporation. The charges must be accompanied by a petition signed by at least ten (10%) percent of the Members of the Corporation. Such removal shall be voted on at the next regular or special meeting of the Membership and shall be effective if approved by the vote of 2/3 majority of this voting if a quorum 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 a removal of a Director(s) in the Corporation, a vacancy in the Board thus created shall immediately be filled by a qualified person other than the removed Director upon a vote of a majority of the Members present and voting at such meeting, in accordance with the written annual or special meeting procedures as adopted by the Board. A vacancy in any office thus created shall be filled by the Board of Directors from among their number so constituted after the vacancy in the Board has been filled.

2.4 Meeting to Consider Removal

The President of the Board, or the Vice-President, shall preside at any meeting of the Members convened to consider removal of a Director as provided under Article 2, 2.3, unless the President is the subject of charges, in which event the Vice-President shall preside. In the event both the President and the Vice-President are the subject of charges, those Directors who are not the subject of any charges shall appoint one of the 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. The fact the President, Vice-President, or other Officer or Director has been made subject of charges does not prevent such individual from continuing to act as Officer and/or Director. Any Director that has been removed under the provisions of

this Article shall not be precluded from subsequent election to a position on the Board of Directors.

2.5 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 interest of the Membership. Such policy, at a minimum, shall be in conformance with the provisions of the Texas Business Organizations Code pertaining to duties and responsibilities of the Board of Directors.

ARTICLE 3

GENERAL OFFICERS

3.1 Election

The officers of the Corporation shall be a President, a Vice-President and a Secretary-Treasurer and other such officers and assistant officers as may be determined and selected by the Board. The Board, at its first meeting and annually thereafter at the annual meeting, shall elect officers. The officers so elected shall hold office for a period of one (1) year and until their successors are elected and qualified.

3.2 Attendance at Meetings

The President of the Board, and in his absence, the Vice-President shall call meetings of the Board to order, and shall act as chair of such meeting. The Secretary of the Corporation shall act as secretary of all such meetings, but in the absence of the Secretary the chair of the Board may appoint any person present to act as secretary of the meeting.

3.3 Duties

The principle duties of the several officers are as follows:

(a) President. The President shall be the chief executive officer of the Corporation and shall have general charge and supervision of the business, property, affairs of the Corporation, and all other officers. The President shall preside at all meetings of the Directors, and shall see that all orders and resolutions of the Board are carried into full effect. The President shall sign and execute all legal documents and instruments in the name of the Corporation when authorized to do so by the Board and shall perform such other duties as may be assigned from time to time by the Board. The President shall submit a report of the operations of the Corporation for the fiscal year to the Directors at their first regular meeting each year and to the Members at their annual meeting, and, from time to time, shall report to the Directors all matters within his knowledge which the interest of the Corporation may require to be brought to their attention.

(b) Vice-President. The Vice-President shall, in the absence or disability of the President, perform the duties of the President.

(c) Secretary-Treasurer. (i) The Secretary-Treasurer, as Secretary, shall attend all sessions of the board and act as clerk thereof and record all votes and the minutes of all proceedings in a book to be kept for that purpose and shall perform like duties for any such standing committees when required. The Secretary shall see that proper notice is given of all meetings of the members of the company and of the Board of Directors and shall perform such other duties as may be prescribed, from time to time, by the Board of Directors or the president. The Secretary shall have general charge and supervision of the books and records of the corporation and shall attest or sign as secretary all membership certificates and such other papers pertaining to the corporation as may be authorized and directed by the Board of Directors. He/She shall keep a proper record showing the names and addresses of all members of the corporation, the number of membership certificates and the date of issuance, surrender, cancellation, or forfeiture thereof. He/She shall make all reports required by law. He/She 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.

(ii) The Secretary-Treasurer, as Treasurer, shall keep full and accurate accounts of the receipts and disbursements in books belonging to the corporation and shall deposit all money and other valuable effects in the name and to the credit of the corporation, and in such depository as may be designated by the Board of Directors. He/She shall disburse the funds of the corporation as may be ordered by the board and president and shall render to the president and directors at the regular meetings of the board whenever they may require it an accounting of transactions as treasurer and of the financial condition of the corporation. All checks must be signed by the manager and an officer of the Corporation. He shall keep accounts of the membership registered and shall perform such other duties as the Board of Directors may, from time to time, prescribe or require. The treasurer shall be placed under a fidelity bond in an amount which shall be set by the Board of Directors. The amount of the bond shall never be less than \$1,000.00.

(d) Manager. The business of the corporation may be handled, under the direction of the Board of Directors, by a manager to be elected by the majority vote of the board. The Board of Directors shall have the power and authority to determine the compensation to be paid to the manager. The manager, with the approval of the Board of Directors, may employ or dismiss an employee, with or without compensation, such supervisory, clerical or other employees as he/she may require to effectively operate the business of the corporation.

ARTICLE 4

COMMITTEES

4.1 Committees

The President or the Board of Directors may designate one (1) or more committees as are necessary and which are not in conflict with other provisions of these Bylaws, and the duties of any such committee shall be prescribed by the Board upon its designation. Each committee shall consist of two (2) or more persons appointed by the Board who may, but need not be, directors of the Corporation. A committee shall limit its activities to the accomplishment of the tasks for which it is designated and shall have no power to act except as specifically conferred by action of the Board. Upon completion of the task for which designated, such committee shall stand dissolved.

4.2 Delegation of Power

In the event the Board delegates any of its powers to a committee, any action by such committee shall be subject to approval by the Board of Directors.

ARTICLE 5

MEETINGS

5.1 Meetings

Meetings of the Board of Directors shall be held at such time and place as the Board may determine at the previous meeting, and 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 Meeting Act, Chapter 551, Texas Government Code, including any subsequent amendment thereto. In the event of any conflict between the provisions of these Bylaws and the requirements of the Open Meeting Act, the provisions of the Open Meetings Act shall prevail.

5.2 Director Attendance

Any Director failing to attend two (2) consecutive meetings may be given written notice by the balance of the Board of Directors that failure by said Director to attend a third consecutive meeting, without justifiable cause acceptable to the balance of the Board of Directors, shall give rise to removal of said Director from the Board. A successor shall be appointed by the majority vote of the Directors remaining to serve until the next regular or special Membership meeting, at which time the general Membership shall elect a successor for the balance of the term.

5.3 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 of actions by the Board 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.

5.4 Executive Session

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 Meeting Act.

5.5 Good Faith

In conducting their duties as member of the Board of Directors: (1) shall be entitled to rely, in good faith and with ordinary care on the information, opinions, reports, or statement, including financial statements and other financial data, concerning the Corporation or the Corporation's affairs that have been prepared or presented by one or more officers or employees of the Corporation, or by legal counsel, public accountants, or other persons retained by the Corporation for the development of professional advice and information falling within such person's professional or expert competence; (2) may believe, in good faith and with ordinary care, that the assets of the Corporation are at least that of their book value; and (3) in determining whether the Corporation has made adequate provision for the discharge of its liabilities and obligations, may rely in good faith and with ordinary care, on financial statements of, or other information concerning, any person or entity obligated to pay, satisfy or discharge some or all of the Corporation's liabilities or obligations; and may rely in good faith on information, opinions, reports, or statements, including financial statements and other financial data, prepared or presented by one or more Officers or employees of the Corporation, legal counsel, public accountants, or other persons provided the Directors, reasonably believes such matters to fall 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.

ARTICLE 6

ANNUAL MEETING OF

MEMBERS 6.1 Regular Meeting of Members

There shall be a regular meeting of Members annually during the month of April, at a date, time and location as determined by the Directors, to transact all business that may be properly brought before it. The Secretary-Treasurer shall give at least fifteen (15) days written notice of such annual meeting to the Membership indicating time, place and purpose of such meeting, and shall address and mail the notice to each Member at the last address last known to the Corporation. Failure to hold or call an annual or special meeting in accordance with these Bylaws shall give each Member rights to compel the Board of Directors to properly hold an annual or special meeting of the Membership. Voting by proxy shall be permitted. Members holding five percent (5%) of the votes entitled to be cast, represented in person or by proxy, shall constitute a quorum for the transaction of business.

6.2 Meeting Procedures

The Board of Directors shall adopt, and from time to time may revise, written procedures for the conducting annual or special Membership meetings, including proxy and/or ballot form which shall be the official proxy and/or ballot for such meeting; procedures for proper notification of the Membership of such meetings and delivery of the Corporation's official proxy and/or ballot forms to the Membership; procedures to determine, qualify and register the eligible

voters for such meetings; and procedures for canvassing all votes and recording the results of all elections at such meeting of the Membership.

6.3 Credentials Committee

The Board of Directors shall establish a standing Credential Committee of three (3) members, of which the Secretary-Treasurer shall be the chairperson. This committee shall at no time have sufficient board appointed to constitute a quorum of the Board of Directors. This committee, in accordance with proceeding adopted by the Board under Article 6.2, shall notify the Membership of the annual or special Membership meetings and deliver the Corporation's official proxy and/or ballot forms to the Membership; determine, qualify, and register the eligible voters for such meeting; validate proxies, determine presence of quorum for conducting the meeting, canvas all votes, and record the results of such elections. Should the individual holding the office of Secretary-Treasurer be running for re-election, the President shall appoint an officer not currently running for re-election to serve as chairperson of this committee.

6.4 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. No later than two (2) business days after the date notice is given of the meeting, and continuing through the meeting, the list of voting members must be available for inspection by any member entitled to vote at the meeting for the purpose of communication with other members concerning the meeting at the Corporation's principal office or at a reasonable place identified in the meeting notice in the city where the meeting will be held. Any voting Member, or voting Member's agent or attorney, shall be allowed, on written demand, to inspect and, at a reasonable time and at their expense, copy the list. Further, the Board shall make the list of voting members available at the meeting, and shall allow inspection of such list by any voting Member or voting Member's agent or attorney at any time during the meeting, including any adjournments thereof.

ARTICLE 7

SPECIAL MEETINGS

7.1 Special Meetings

A special meeting of Members or Directors may be called by the President, or by demand by majority of the board members or one-third (1/3) of the Members. Such special meeting shall be held upon giving notice as required by the Texas Open Meetings Act.

7.2 Convening of Meeting

Prior to convening any special meeting of the Members, the President shall request in writing that the Secretary-Treasurer give at least ten (10) days prior notice to the Members, and that such special meeting is otherwise noticed, as required under the Texas Business

Organizations Code Section 22.156, and as provided under Article 6 of these Bylaws. Such notice shall specify the time, place and purposes of the meeting, and shall be addressed and mailed to each of the Members at their address last known to the Corporation, personally delivered to each Member, or sent by facsimile/e-mail to each member.

7.3 Emergency Meeting

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 meeting shall be provided under Article 5 of the Bylaws and the Texas Open Meetings Act, at least two (2) **hours** before the Meeting is conveyed. 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 Board of Directors receiving at least seventy-two (72) hour notice as provided under Article V of these Bylaws.

ARTICLE 8

Conduct of Business

The Corporation shall conduct its business on a non-profit basis, and no dividends shall ever be paid upon the Memberships of such Corporation. All profits arising from the operation of such business shall be annually paid out to the persons who have, during the past year, transacted business with the Corporation, in direct proportion to the amount of business transacted, provided that no such dividends shall ever be paid while any indebtedness of the Corporation remains unpaid and, provided also, that 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 to a sinking fund for replacement, amortization of debts, and the 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.

ARTICLE 9

RESERVE ACCOUNT

9.1 Deposits

The Directors of the Corporation shall establish and maintain, so long as the Corporation is indebted to the Government, in an institution insured by the State or Federal Government, or invested in readily marketable securities backed by the full faith and credit of the United States of America, a reserve account separate and apart from other fund accounts of the Corporation. Securities so purchased shall be deemed at all time 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 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.

9.2 Withdrawals

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 facility, and for making up any deficiencies in revenue for loan payments.

ARTICLE 10

MEMBERS

10.1 Members Defined

The Corporation shall have Members as defined by the Texas Water Code. All customers of the Corporation must hold a Membership or obtain their services 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 condition of water service as provided for in its published charges, rates and conditions of service. Membership shall not be denied because of the applicant's race, color, religion, sex, age, marital status, familial status, handicap, income from Public Assistance, disability or national origin. It is the intent of the Corporation to provide service on a nondiscriminatory basis.

10.2 Membership Entitlement

The Membership fee shall be as determined by the Board of Directors. Payments 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 services. A person may own more than one Membership, but each Member shall be entitled to only one (1) vote regardless of the number of Memberships owned. Membership certificates shall be in such form as shall be determined by the Board of Directors.

10.3 Membership Fee

The Membership fee may be revised by the Board of Directors as the Board may determine to be appropriate. In determining the amount of the Membership fee, however, the Board shall ensure that the fee is sufficient to establish the potential Member as being legitimately interested in securing water services from the corporation for such potential Members' own needs. Furthermore, the Board shall determine and administer such fee in a

manner or in an amount which does not unreasonably deny service to financially deprived potential Members. In no event, however, shall the Membership fee exceed an amount equal to the sum of twelve (12) charges of the Corporation's minimum monthly water rate unless previously approved by the USDA Rural Development, RUS. Membership fees will not be refundable.

ARTICLE 11

OWNERS OF RECORD

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

ARTICLE 12

MEMBERSHIP TRANSFERS

12.1 Transfer

In order to ensure that business done by the Corporation shall continue within the capacity of its facility 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) Personal Estate. 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 may not transfer same to another person or entity except: (i) by will to a transferee who is a person related to the testator within the second degree by consanguinity; (ii) 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 (iii) by transfer without compensation or by sale to the Corporation.

(b) Conveyance of Real Estate. 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 which the Membership or other right of participation arose.

(c) Conditions of Service. 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) Cancellation. The Corporation may cancel a person's stock, Membership, or other right of participation if the person or other entity fails to meet the conditions for water service as 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 services 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 provided in the Corporation's tariff, reassign canceled stock, or a cancelled 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.

12.2 Gain or Profit

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 transferee, 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.

ARTICLE 13

SERVICES

Notwithstanding the ownership of a Membership certificate, all Members shall be billed, disconnected, or reconnected, and otherwise shall receive service in accordance with the written policies of the Corporation, including the tariff of the Corporation. In the event a member should surrender the Membership certificate properly endorsed to the Secretary-Treasurer of the Corporation, the water services shall be disconnected and the obligation to pay for water service shall terminate except as for the minimum charge for the current month and the charge for water used during the current month, and except as for any prior unpaid amounts due to the Corporation. Any remaining balance from the membership fee will be refunded to the former member. In the event Membership is terminated, cancelled, withdrawn, or surrendered, whether voluntary or involuntary, the former Member's rights and interest in the assets of the Corporation will not be forfeited.

ARTICLE 14

DISCONTINUANCE OF THE CORPORATION

Upon the discontinuance of the Corporation by dissolution or otherwise, all assets of the Corporation shall be distributed among the Members and former 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 the 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 for 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 in order to preserve the Corporation's statutory rights to exemption from income and ad valorem taxation.

ARTICLE 15

GENERAL PROVISIONS

15.1 Fiscal Year

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

15.2 a USDA Rural Development Loan(s) and Texas Water Development Board Loan(s)

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 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.

15.2 b As long as the Corporation is indebted for a loan or loans made by or through the TWDB, the bylaws shall not be altered, amended or repealed without the prior written consent of the TWDB's Executive Administrator; and

15.2 c The Corporation is a nonprofit Corporation; no part of the income of the Corporation will be distributed to the Corporation's members, directors, or officers.

15.3 Levy of Assessment

If at the end of the fiscal year, or in the event of emergency repairs, the Board of Directors determines the total amount derived from the collection of water charges to be insufficient for the payment of all costs incident to the operation of the Corporation's system during the year in which such charges are collected, the Board shall make and levy an assessment against each Member of the Corporation as the Board may determine or as may be required by USDA Rural Development, RUS, so that the sum of such assessment and the amount collected from water charges is sufficient to fully pay all costs of operation, maintenance, replacement and repayment on indebtedness for the year's operations, but this provision shall not operate for the benefit of any third party creditor other than USDA Rural Development, RUS, without a favorable vote of the majority of the Members. Any assessments levied to make up operations deficit in any year shall be levied against Members in proportion to their patronage with the Corporation.

15.4 Surrendered Certificate

In the event a Member should surrender their Membership certificate properly endorsed by the Secretary-Treasurer of the Corporation, the obligation to pay such assessments shall be limited to assessments made and levied prior to the date of surrender of the Membership certificate provided, however, that this paragraph and the second sentence of Article 14 shall not apply to relieve a Member of their obligation under special arrangements covering Multiple Membership certificates held by one Member which may have been required or approved by the USDA Rural Development, RUS.

15.5 Books and Records

The Corporation shall keep correct and complete books and records of accounts and shall keep minutes of the proceedings of its Members, Board of Directors, and committees, and shall keep record of the name and address of its Members entitled to vote at its registered office or principal office in Texas.

15.6 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 year including a statement of support, revenue, and expenses and changes in fund balances, a statement of functional expenses, and balance sheets for all funds or such financial reports as required by USDA Rural Development, RUS. Such report shall be approved by the Board of Directors.

15.7 Public Inspection

With prior 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.

15.8 Conflict

In the event of any conflict between the provisions of the Public Information Act and the provisions of the Bylaws, the provisions of the Public Information Act shall prevail.

15.9 Seal

The seal of the Corporation shall consist of a circle within which shall be inscribed "Bitter Creek Water Supply Corporation."

15.10 Pledge of Assets

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.

15.11 Invalid Provision

If provision of these Bylaws is held to be illegal, invalid, or unenforceable under present or future laws, such provision shall be fully severable; these Bylaws shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part hereof; and the remaining provisions hereof shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance here from. Furthermore, in lieu of such illegal, invalid, or unenforceable provision there shall be added automatically as a part of these Bylaws a provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible and be legal, valid, and enforceable.

ARTICLE 16

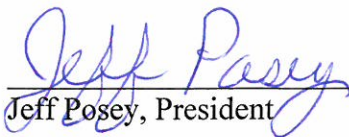
AMENDMENTS

These Bylaws may be altered, amended or replaced by a vote of a majority of the Members present, whether in person or by proxy, at any regular meeting of the Members, or at any special meeting of the Members called for that purpose, except that the Members shall not have the power to change the purpose of the Corporation so as to decrease its rights and powers under the laws of the State, or to waive any requirements of bond or other provisions for the safety and security of the property and funds of the Corporation or its Members, or to deprive any Member of rights and privileges then existing, or so to amend the Bylaws as to effect a fundamental change in the intents and purposes 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 USDA Rural Development, RUS, or its successor agencies and assigns, and/or Texas Water Development Board, the Bylaws shall not be altered, amended, or repealed without the prior written consent of the State Director of the USDA Rural Development, RUS, and/or Executive Administrator for the Texas Water Development Board for the State of Texas.

ARTICLE 17

ADOPTION

The above Amended and Restated Bylaws were duly adopted by a majority vote of the Members of the Bitter Creek Water Supply Corporation, at an Annual Meeting held on the 19th day in April, 2013.



Jeff Posey, President



Shelly Scherwitz, Secretary-Treasurer

CORPORATE SEAL

AFFIDAVIT


STATE OF TEXAS §
 §
COUNTY OF NOLAN §

BEFORE ME, the undersigned authority, on this day personally appeared SHELLY SCHERWITZ, to me well known and who, by me duly sworn, made the following statement and swore that it is true:

“The attached Amended and Restated Bylaws are the original Bylaws adopted by Bitter Creek Water Supply Corporation on April 19, 2013.”

FURTHER AFFIANT SAYETH NOT.

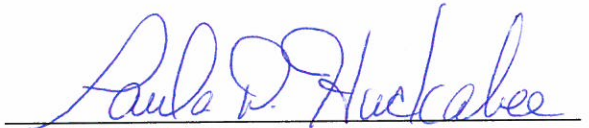
SIGNED on this the 30th day of April, 2013.



SHELLY SCHERWITZ

STATE OF TEXAS §
 §
COUNTY OF NOLAN §

SWORN TO AND SUBSCRIBED BEFORE ME on this the 30th day of April, 2013, by SHELLY SCHERWITZ.



NOTARY PUBLIC, State of Texas