

# By-Laws



**WESTON WATER SUPPLY  
CORPORATION**

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Weston, Texas 75097  
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Revised April 2003

**BY-LAWS  
WESTON WATER SUPPLY CORPORATION**

By-Laws of WESTON WATER SUPPLY CORPORATION, having been presented to the Board of Directors and members of said Corporation and duly adopted as follows:

**ARTICLE I.**

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

**ARTICLE II.**

The Vice-President shall, in case of the absence or disability of the President, perform the duties of the President.

**ARTICLE III.**

The Secretary-Treasurer shall have the custody of all the monies and securities of the Corporation. The Secretary-Treasurer shall keep regular books and shall keep minutes of all meetings of members and directors. All monies of the Corporation shall be deposited by the Secretary-Treasurer in such depository as shall be selected by the directors. Checks must be signed by the Secretary-Treasurer and the President or Vice-President, in the absence of the President. The Secretary-Treasurer shall have custody of the seal of the Corporation and affix it as directed hereby or resolution passed by the Board of Directors or members. The Board of Directors may appoint an employee as assistant or deputy secretary to assist the Secretary in all official duties.

The position of the Secretary-Treasurer and other positions entrusted with receipt and disbursement of funds shall be placed under a fidelity bond in an amount which shall be set from time to time by the Board of Directors. It must be at least equal to the maximum amount of monies on hand at any one time, but shall not be less than \$1,000.

**ARTICLE IV.**

The Board of Directors shall consist of five (5) directors, a majority of whom shall constitute a quorum. Upon issuance of the Charter and annually thereafter prior to May 1 the Board of Directors shall elect a President, a Vice-President and a Secretary-Treasurer. The directors shall be elected by the members at the members' regular meeting provided for in Article XI of the By-Laws. The directors shall be divided into three classes as equal in number as possible. Each director shall serve a term of two (2) years. At each annual meeting the number of directors equal to the number of directors whose term expires at the time of such meeting shall be elected to hold office for a period of two (2) years. The directors shall serve without pay, but may be compensated for actual expenses by a majority vote of directors. Upon the death or resignation of a director, a successor

shall be elected by a majority of the directors remaining to serve out the remaining portion of the term thus vacated.

#### **ARTICLE V.**

Regular meeting of the Board of Directors shall be held at such time and place as the Board may determine, and shall include posting of the meeting as required by the Texas Open Meetings Act, Article 6252-17, Tex. Rev. Civ. Stat., by furnishing the notice to the county clerk of the county in which the administrative office of the Corporation is located, and by posting such notice in a place readily convenient to the public in its administrative office at all times for at least seventy-two (72) hours preceding the scheduled time of the meeting. Such notice shall specify the date, hour, place and subject of each meeting held by the Board of Directors.

The Board of Directors shall ensure that all meetings comply with the requirements of the Open Meetings Act, Article 6252-17, Tex. Rev. Civ. Stat., including any subsequent amendment thereto. In the event of any conflict between the provisions of these By-laws and the requirements of the Open Meetings Act, the provisions of the Open Meetings Act shall prevail.

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

#### **ARTICLE VI.**

The Corporation shall conduct its business on a nonprofit 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 such Corporation, in direct proportion to the amount of business transacted, provided that no such dividends shall ever be paid while any indebtedness of the Corporation remains unpaid.

#### **ARTICLE VII.**

The directors of the Corporation shall establish and maintain in an institution insured by the State or Federal Government, or invested in readily marketable securities backed by the full faith and credit of the United States of America, a reserve account separate and apart from other fund accounts of the Corporation. There shall be deposited in such fund the sum as required by a total of all loan resolutions executed by the Corporation. Such deposits will be made monthly and will continue until the total amount deposited equals the sum as required by the executed loan resolutions provided, however, that after any withdrawals, such deposits shall be resumed until the amount accumulated in the fund is restored to the sum as required by the executed loan resolutions.

Withdrawals from this fund shall be made only for emergency repairs, obsolescence of equipment, improvements to facility, and for making up any deficiencies in revenue for loan payments.

The directors shall invest all sums in this fund not required to be expended within the year in which the same are deposited in bonds or other evidence of indebtedness to the United States of America, or in readily marketable securities backed by the full faith and credit of the United States of America. Securities so purchased shall be deemed at all times to be a part of the reserve fund account.

#### **ARTICLE VIII.**

Section 1. Every person (which includes any legal entity) owning or having a legal right to the control, possession or occupancy of property served or which may reasonably be served by the Corporation, shall have the right to become a member of the Corporation upon payment of the membership fee hereinafter provided and upon compliance with the reasonable requirements of the Corporation governing the purchase of water, charges for connection and operation of and service by the system. Membership shall not be denied because of the applicant's race, color, creed or national origin. It is the intent of the Corporation to provide service on a nondiscriminatory basis to all persons desiring service to the extent that the capabilities of the system will reasonably permit.

Section 2. The membership fee shall be \$50.00 which shall entitle the member to one connection to the water main of the Corporation. A person may own more than one membership but each member shall be entitled to only one vote regardless of the number of memberships owned. Membership certificates shall be in such form as shall be determined by the Board of Directors.

#### **ARTICLES IX.**

For the purpose of determining members entitled to notice of or to vote at any meeting of 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 preceding the month of the date upon which the action requiring such determination is to be taken.

#### **ARTICLE X.**

In order to insure that business done by the Corporation shall continue within the capacity of its facilities and to prevent undue financial burden on the members of the Corporation, membership in the Corporation shall be transferred from the original members, their transferees, pledges, administrators or executors, or purchasers at judicial sale, or other persons, only after approval by the directors of the transferee of said membership. Except as hereinafter provided, 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. After all indebtedness due the Corporation has been paid by the transferring members, a new membership certificate may be issued. Notwithstanding anything to the contrary herein above provided, the consideration for the transfer of any membership in the Corporation from the original members, their transferees, pledges, administrators or executors, or purchasers at judicial sale, or others 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 XI.**

There shall be a regular meeting of the members annually, on or before May 1 to transact all business that may be properly brought before it. The Secretary-Treasurer shall give at least fifteen

(15) days written notice of such annual meeting to the membership indicating the time, place and purpose of such meeting, and shall address and mail the notice to each member at the address last known to the Corporation. Voting by proxy shall be permitted. The presence at a meeting of members entitled to cast in their own right or by proxy ten percent (10%) of the total number of votes shall constitute a quorum for the transaction of business.

#### **ARTICLE XII.**

Special meeting of the directors may be held upon the posting of notice of such special meeting, in the manner provided under Article V of these Bylaws, at least two hours before the meeting is convened. It shall be the responsibility of the President or his designee to ensure that proper notice is posted. In no event shall any special meeting of the Directors be convened where the business of such meeting could be considered at a regular meeting of the Directors receiving at least seventy-two (72) hours notice as provided under Article V of these By-laws.

Prior to any special meeting of the members, the President shall request in writing that the Secretary-Treasurer give ten (10) days notice to the Members, and that such special meeting is otherwise noticed as provided under Article V of these Bylaws. Such notice shall specify the time, place, and purpose of the meeting, and shall be addressed and mailed to such members at their address last known to the Corporation.

#### **ARTICLE XIII.**

The business of the Corporation may be handled under the direction of the Board of Directors, by a manager to be elected by majority vote of the Board. 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.

#### **ARTICLE XIV.**

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, the water service shall be discontinued and the obligation to pay for water service shall terminate except as for the minimum charge for the current month or 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 membership is terminated, canceled, withdrawn, or surrendered, whether voluntarily or involuntarily, the former member's rights and interest in the assets of the Corporation will not be forfeited.

#### **ARTICLE XV.**

Upon the discontinuance of the Corporation by dissolution or otherwise, all assets of the Corporation remaining after payment of the indebtedness of the Corporation shall be distributed 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 that member shall be in turn immediately transferred by the individual member to an entity that provides a water supply or wastewater service, or both, that is exempt from ad valorem taxation.

#### **ARTICLE XVI.**

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

**ARTICLE XVII.**

The Corporation shall insure with a reputable insurance company such of its properties and in such amounts as is required by the loan covenants or as deemed reasonable for like entities.

**ARTICLE XVIII.**

(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 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 so that the sum of such assessments and the amount collected from water and other charges is sufficient to fully pay all costs of operation, maintenance, replacement and repayment on indebtedness for the year's operations, but this provision shall not operate for the benefit of any third party creditor other than the primary lending institution without a favorable vote of the majority of the members. Any assessments levied to make up operational deficits in any year shall be levied against members in proportion to their patronage with the Corporation.

(b) In the event a member should surrender his membership certificate properly endorsed to the Secretary-Treasurer of the Corporation, the obligation to pay such assessments shall be limited to assessments made and levied prior to the date of surrender of the membership certificate, provided, however, that this paragraph and the second sentence of Article XIV shall not apply to relieve a member of his obligation under special agreements covering multiple-membership certificates held by one member.

**ARTICLE XIX.**

With prior written request, corporate records, books and annual reports, subject to exceptions provided by the Open Records Act, Article 6252-13a, Tex. Rev. Civ. Stat., including any amendments thereto, shall be available for public inspection and copying by the public or their duly authorized representatives during normal hours subject to a reasonable charge for the preparation of copies.

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

**ARTICLE XX.**

These By-Laws may be altered, amended, or repealed by a vote of a 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 purpose of the Corporation so as to decrease its rights and powers under the laws of the State, or to waive any requirements of bond or other provisions for the safety and security of the property and funds of the Corporation or its members, or to deprive any member of rights and privileges then existing, or so to amend the By-Laws as to effect a fundamental change in the policies of the Corporation. 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.

**ARTICLE XXI.**

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

**ARTICLE XXII.**

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

The above By-Laws and regulations were unanimously adopted by the Board of Directors and members of the Weston Water Supply Corporation, at an annual membership meeting at \_\_\_\_\_, Texas on the \_\_\_\_\_ day of \_\_\_\_\_, A.D. 2000.

\_\_\_\_\_  
President

Attest

\_\_\_\_\_  
Secretary/Treasurer

SWORN TO AND SUBSCRIBED BEFORE ME this \_\_\_\_\_ day of \_\_\_\_\_, 2003 by \_\_\_\_\_, President of Weston Water Supply Corporation.

\_\_\_\_\_  
Notary Public, State of Texas

Revised ( \_\_\_\_/2003)