

## **AMENDED AND RESTATED BYLAWS OF CREEDMOOR-MAHA WATER SUPPLY CORPORATION**

Be it hereby resolved and approved by a majority vote of the Board of Directors of the Creedmoor-Maha Water Supply Corporation (Corporation) that these Bylaws of the Corporation are hereby amended and restated upon the date of adoption. These Bylaws shall be read and interpreted in conjunction with the Texas Water Code and the Corporations' Tariff, as amended.

### **ARTICLE 1 – NAME**

The name of the Corporation is Creedmoor-Maha Water Supply Corporation.

### **ARTICLE 2 – NONPROFIT CORPORATION**

The Corporation is a non-profit, member-owned, member-controlled water supply corporation incorporated under the provisions and definitions of TEX. REV. CIV. STAT. ANN, art. 1434a (now Chapter 67 of the Texas Water Code).

### **ARTICLE 3 – PURPOSES**

3.1 The purpose of the Corporation shall be:

1. to operate as a “member-owned, member-controlled” water supply corporation, owned by its member-customers and managed by a board of directors with the exclusive authority to establish the rates, terms, and conditions for retail public utility service within a state-certified service area;
2. to operate as a cooperative public utility, qualifying for federal income tax exemption under Section 501 (C)(12)(A) of the Internal Revenue Code;
3. to function as a water supply eligible for exemption from state ad valorem taxes in accordance with [Section 11.30 of the Texas Tax Code](#);
4. to procure, own, possess, lease, and acquire sources of water supply; to construct, operate, and maintain water transportation facilities; to supply water to members, towns, cities, private businesses entities, individuals, military camps and bases, and other entities;
5. to safeguard, maintain, and restore the purity and sanitary condition of water within the Corporation's state-certificated service area; and
6. to participate in all activities permissible for a water supply corporation under the laws of the State of Texas and the United States.

3.2 To accomplish these purposes:

1. All members of the Corporation must meet the requirements and standards defined in [Chapter 13 of the Texas Water Code](#) and the corresponding administrative rules of the Texas Commission on Environmental Quality, or its successor agency(ies), as amended.
2. All customers must hold memberships in the Corporation for each service connection,

- unless prohibited by law, such as builders or developers holding property for resale. Wholesale customers purchasing potable water for resale to the public on a temporary or permanent basis are also exempt.
3. Each member shall have the right to cast one (1) vote in corporate matters as specified by the Corporation's articles and bylaws, regardless of the number of memberships owned by that member. This provision does not preclude a member from voting using the properly executed voting proxy of another member, as allowed by these bylaws.
  4. All Directors and officers of the Corporation must be members or shareholders of the Corporation.

#### **ARTICLE 4 – POWERS**

Except as otherwise provided in these bylaws, the Corporation's articles of incorporation, or applicable state laws, the Corporation shall possess all powers granted to a water supply corporation by the Texas Non-Profit Corporation Act, the Texas Water Code, and the administrative rules of the Texas Commission on Environmental Quality, the Texas Public Utility Commission or their successor agencies. These powers shall be exercised in accordance with Section 501(c)(12)(A) of the Internal Revenue Code and relevant federal regulations, rulings, and procedures, without inconsistency.

#### **ARTICLE 5 – RESCTRICTIONS AND REQUIREMENTS**

##### 5.1 DIVIDENDS

Dividends or income shall not be paid to members, Directors, or officers of the Corporation. Instead, all profits from the Corporation's business operations shall be distributed annually to entities and individuals who conducted business with the Corporation in proportion to the volume of business conducted. However, dividends will not be paid until any outstanding debts of the Corporation are settled. The Directors may also allocate a portion of the profits to sinking funds and capital reserves for maintenance, operations, and replacements.

##### 5.2 TRANSFER OF ASSETS UPON DISSOLUTION

Upon the Corporation's discontinuance, remaining assets will be distributed to members and former members based on their patronage. Any indebtedness owed by a member will be deducted before distribution. Members agree to transfer assets received from the Corporation to a tax-exempt water supply or wastewater service entity. Members grant the Board of Directors power of attorney to execute necessary transfers, preserving tax exemption rights.

##### 5.3 LIMITATIONS ON ACTIVITIES

The Corporation is strictly limited to engaging in activities and utilizing assets that align with the legitimate business of a water supply corporation, as defined by applicable provisions of [Chapter 49 and 67 of the Texas Water Code](#), and Section 501(c)(12)(A) of the Internal Revenue Code.

## **ARTICLE 6 – OFFICES**

### **6.1 REGISTERED OFFICE, AGENT, and PRINCIPAL OFFICES**

The Corporation's registered office and principal office shall be located at 13709 Schriber Road, Buda, Travis County, Texas. The General Manager will serve as the registered agent. Changes to the registered office or agent require a resolution by the Board of Directors and the necessary legal filing. The board has the discretion to relocate the principal office, which is currently held at the same address.

### **6.2 OTHER OFFICES**

The Corporation may establish additional offices as needed and determined by the Board of Directors.

## **ARTICLES 7 – MEMBERS**

### **7.1 PLACE OF MEETING**

Member meetings shall be held at the registered office of the Corporation or a location designated by the Board in compliance with Texas Government Code, Chapter 551.

### **7.2 ANNUAL MEETING**

See Exhibit A.

### **7.3 NOTICE OF MEMBERS' MEETING**

A written notice, stating the place, date, and time of the meeting, and for special meetings, the purpose(s) for which it is called, shall be provided to members. The notice shall be delivered personally or by mail, not less than ten (10) nor more than fifty (50) days before the meeting. If mailed, the notice is considered delivered when it is deposited in the United States mail, prepaid, and addressed to the member at their address as recorded in the Corporation's membership books.

### **7.4 MEMBERSHIPS AND VOTING OF MEMBERSHIPS**

The Corporation shall have one class of "members" as defined by Section 13.002(11) of the Texas Water Code, subject to amendments or interpretations by authorized court or state agency decisions. Membership shall not be denied based on race, color, creed, citizenship, national origin, sex, or any other legally protected status.

All customers must hold a membership, except non-fee simple landowners, which can receive service through the property's landowner. This requirement doesn't apply to security holders, property builders, developers for resale, or other exemptions per statute or authorized decisions.

## 7.5 VOTING LISTS

The officer or agent in charge of the membership books of the Corporation shall create a complete list of members eligible to vote at each meeting, arranged in alphabetical order, with their addresses and the number of memberships they hold. This list must be prepared at least ten (10) days prior to the meeting and kept on file at the registered office of the Corporation. Any member can inspect the list during regular business hours for a period of ten (10) days before the meeting. Additionally, the list must be available at the meeting location and can be inspected by any member throughout the entire meeting. The original membership books serve as the primary evidence of who can examine the list, review the books, or vote at any members' meeting.

## 7.6 QUORUM OF MEMBERS

Unless stated otherwise in the articles of incorporation, a quorum at a members' meeting is achieved when all members who mailed or delivered ballots on a matter submitted to a vote are present in person. The decisions made at the meeting are based on the majority vote of the attending or represented members, unless a higher number is required by law or the articles of incorporation. For purposes of achieving a quorum, all members who timely mailed or delivered ballots shall be counted as present.

# ARTICLE 8 – DIRECTORS

## 8.1 BOARD OF DIRECTORS

The Corporation's business and affairs shall be overseen by the Board of Directors, who must fulfill the following criteria: (a) be residents of the State of Texas; (b) be utility customers of the Corporation; and (c) be members of the Corporation, per Section 67.0051(a)(1)(2) of the Texas Water Code.

## 8.2 NUMBER AND ELECTION OF DIRECTORS

### 8.2.1 Number and Division of Directors:

- The Board of Directors shall consist of nine (9) members, which may be adjusted by amending the bylaws, provided that no decrease shall shorten the term of any incumbent Director and the total number of Directors does not exceed twenty-one (21).
- The Directors shall be divided into three (3) groups, each with an equal number of Directors serving three-year terms, as further defined in Section 67.005 of the Texas Water Code.

### 8.2.2 Election of Directors:

See Exhibit A.

## 8.3 VACANCIES

- Resignation and Removal:
  - A Director may resign from his or her position at any time during their term.
  - A Director may be removed by a two-thirds (2/3) vote of the Directors, under the

following conditions:

- If a Director fails to attend three (3) or more consecutive regular meetings, despite receiving written notice by mail; and
  - The Director being considered for removal due to absenteeism must be provided with written notice, sent by certified United States mail, at least ten (10) days prior to the meeting. The notice should include the time, date, place, and purpose of the meeting.
- Vacancies and Filling Directorships:
    - Any vacancy that arises on the Board of Directors can be filled by the affirmative vote of the remaining Directors, even if it is less than a quorum.
    - A Director elected to fill a vacancy will serve for the remaining term of their predecessor.
    - If the directorship needs to be filled due to an increase in the number of Directors, it will be done through election at an annual or special meeting of members called specifically for that purpose.

#### 8.4 QUORUM OF DIRECTORS

A majority of the Board of Directors shall constitute a quorum for the transaction of business. The decisions made by the majority of directors present at a meeting where a quorum is met shall be considered the official actions of the Board of Directors.

#### 8.5 ANNUAL MEETING OF THE DIRECTORS

Within thirty (30) days after the annual meeting of members, the newly elected Board of Directors will hold a meeting for appointing officers and discussing other agenda items. Normally, the meeting of Directors can occur immediately following the annual meeting of members, at the same location. However, if all newly elected Directors are unavailable, this meeting of Directors will be scheduled within thirty (30) days.

#### 8.6 SPECIAL MEETINGS OF DIRECTORS

The General Manager is responsible for convening a special meeting of the Board of Directors upon the request of the President or any two directors. The meeting will be held at the designated time mentioned in the meeting notice.

#### 8.7 PLACE OF DIRECTORS' MEETINGS

All meetings of the Board of Directors, including annual, regular, or special meetings, will take place at the main office of the Corporation or at another location specified in the meeting notice.

#### 8.8 NOTICE OF DIRECTORS' MEETINGS

The Board of Directors can schedule regular meetings at any time with notice. Notice of Board meetings must be given in accordance with the law, including the Texas Open Meetings Act. The notice must be posted at least seventy-two (72) hours before the scheduled meeting, specifying the date, time, location, and subject(s).

In case of emergency or urgent public necessity, where immediate action is required for public health or safety, the notice may be posted two (2) hours before the meeting. In such cases, the President or two or more Directors calling the emergency meeting should notify any news media that has requested notice and agreed to cover the expenses. All meetings must comply with the Texas Open Meetings Act.

Unless waived in writing, each Director must receive a copy of all meeting notices within the specified time limits. Notices to Directors can be sent by email, regular mail, or hand delivered.

#### 8.9 ATTENDANCE AT MEETINGS

All Director meetings must be open to the public, in accordance with the Texas Open Meetings Act. Therefore, telephone or similar meetings are not permitted. Directors are required to attend meetings in person.

#### 8.10 COMPENSATION

The Corporation shall not provide salaries to Directors. However, Directors may be reimbursed for expenses incurred on behalf of the Corporation, subject to approval by the Board of Directors. This provision does not restrict directors from serving the Corporation in other capacities and receiving compensation as approved by the Board of Directors.

#### 8.11 CONFLICT OF INTEREST

The Board of Directors is responsible for adopting and maintaining a conflict-of-interest policy that promotes the Corporation's business and serves the interests of its membership as required by Texas Water Code Sec. 49.058. A director may provide goods or services to the Corporation at competitive prices, but they cannot vote on any matter in which they have a pecuniary interest, except as a customer of the Corporation. It is the duty of a Director to actively investigate and disclose any real or potential conflicts of interests or pecuniary interests they may have concerning matters affecting the Corporation or its members.

Directors shall not be held liable to the Corporation or its membership for monetary damages arising from actions or omissions in their capacity as Directors, unless they are found to have breached their duty of loyalty to the Corporation or its membership, acted in bad faith, engaged in intentional misconduct or knowing violation of the law, or received improper benefits from a transaction. The liability of directors, as expressly provided by Texas law, may result from acts or omissions that confer an improper benefit upon the director.

#### 8.12 GOOD FAITH RELIANCE

Directors, in fulfilling their duties, may:

1. rely in good faith and with ordinary care on information, opinions, reports, or statements prepared by officers, employees, legal counsel, accountants, engineers, or other professionals engaged by the Corporation;
2. reasonably believe, in good faith and with ordinary care, that the Corporation's assets are at least their book value; and
3. depend on the financial statements or information provided by parties responsible for



satisfying the Corporation's liabilities. Directors may also rely on officers, employees, legal counsel, accountants, engineers, or other professionals, provided they reasonably believe these individuals possess the relevant expertise. However, directors must disclose any knowledge that would render such reliance unwarranted.

## **ARTICLE 9 – OFFICERS**

### **9.1 OFFICERS ELECTION**

Corporation's officers include a president, vice-president, and secretary-treasurer, elected following the Annual Meeting. Directors are eligible for officer positions. Unfilled offices can be filled at subsequent board meetings. The Board of Directors may appoint additional officers, assistant officers, and agents as needed. A person can hold multiple offices, except for president and secretary-treasurer.

Officers and assistant officers serve until the next meeting of Directors following the next annual meeting of members, or until their successors are elected. The Board of Directors retains authority to remove officers or assistant officers, with or without cause, at any regular or special Board meeting in the best interest of the Corporation. Removal doesn't affect contractual rights. Appointed agents serve a specified term, not exceeding one year, and can be removed by the Board of Directors.

### **9.2 VACANCIES**

The Board of Directors has the authority to fill any vacant office.

### **9.3 POWER OF OFFICERS**

Each officer, in addition to the specific duties and powers outlined in these bylaws and applicable sections of Chapters 49 and 67 of the Texas Water Code, shall have the general powers and duties associated with their position. The Board of Directors may assign additional duties and powers as needed. All officers are accountable to the Board of Directors and shall carry out their duties under their supervision. The President has the authority to ensure the fidelity of all officers through bonding or other means.

### **9.4 PRESIDENT**

The President serves as the chief executive officer of the Corporation and shall preside over all meetings of the Board of Directors and members. It is the President's responsibility to ensure that all orders and resolutions of the board are carried out. However, the directors have the authority to delegate specific powers, except for those exclusively conferred upon the President by statute, to other officers of the Corporation.

The President is authorized to execute bonds, mortgages, and other sealed instruments on behalf of the Corporation. With the Board's authorization, the President or Vice- President may affix the corporate seal to such instruments. The seal, when affixed, must be attested by the signature of either the secretary or an assistant secretary.

As ex-officio, the President is a member of all standing committees.

The President must submit an annual report on the Corporation's operations for the year to the Board of Directors at the meeting preceding the annual meeting of the members. The President also presents this report to the members during their annual meeting.

#### 9.5 VICE PRESIDENT

The Vice-President shall assume the duties and powers of the President in the event of the President's absence or incapacity. Additionally, the Vice-President shall fulfill any other responsibilities assigned by the Board of Directors.

#### 9.6 THE SECRETARY/TREASURER AND ASSISTANT SECRETARY/TREASURER

The duties and responsibilities of the secretary-treasurer and/or assigned administrator shall be as follows:

1. Attend all Board meetings, members' meetings, and record all votes and minutes of proceedings. Perform similar duties for standing committees when required.
2. Give notice, or cause notice to be given, for all members' meetings and Board of Directors' meetings. Fulfill any other duties as prescribed by the Board of Directors.
3. Safeguard the Corporation's seal and, when authorized by the Board of Directors, affix it to any required instruments. The seal, when affixed, shall be attested by the secretary-treasurer's or an assistant secretary-treasurer's signature.
4. Have custody of the Corporation's funds and securities. Maintain accurate and comprehensive accounts of receipts and disbursements in Corporation-owned books.
5. Deposit all funds and valuable assets in the Corporation's name and credit, as designated by the Board of Directors, in chosen depositories.
6. Disburse funds as ordered by the Board of Directors, obtaining proper vouchers for such disbursements.
7. Keep and maintain the Corporation's books of account, providing an account of all treasurer transactions and the Corporation's financial condition to the president and directors. Present books, records, and accounts to the President or Directors upon request.
8. Disburse funds for capital expenditures as authorized by the Board of Directors and in accordance with the President's orders. Report any unauthorized fund requests to the president.
9. Perform additional duties directed by the Board of Directors or the President.
10. Provide a bond to the Corporation, as required by the Board of Directors, to ensure faithful performance of office duties and the return of all Corporation property in case of resignation, retirement, removal from office, or death.
11. In the absence or disability of the secretary-treasurer, the assistant secretary-treasurer shall assume the duties and powers of the secretary-treasurer and perform other duties assigned by the Board of Directors.
12. In the absence of the secretary-treasurer, the minutes of all meetings of the Board of Directors and members' meetings shall be recorded as designated by the President or the Board of Directors.



## 9.7 GENERAL MANAGER

The Board of Directors may appoint a General Manager through majority vote to handle the Corporation's business under their guidance, if needed. The General Manager will be employed at a salary determined by the Board of Directors.

The duties of the General Manager are as follows:

1. Any duties necessary in Section 9.6.
2. Devote full working time and attention to the Corporation's affairs, ensuring efficient administration and being accountable to the board.
3. Hire or dismiss subordinate employees.
4. Attend all Board meetings, actively participate in discussions, but without voting rights.
5. Serve as the budget officer, preparing and presenting a detailed budget for the upcoming fiscal year. The budget should outline estimated expenses necessary for the Corporation's efficient operation, along with explanations for each expenditure.
6. Act as the Corporation's purchasing agent, responsible for procuring all required merchandise, materials, and supplies.
7. Perform other duties as specified by the Board of Directors.

The General Manager is not authorized to spend Corporation funds exceeding \$10,000.00 per expenditure without prior approval from the Board of Directors.

## 9.8 COMPENSATION

The Corporation shall not provide salaries to its officers. However, officers may be eligible for reimbursement of expenses incurred on behalf of the Corporation, subject to approval by the Board of Directors. This provision does not restrict officers from serving the Corporation in other capacities and receiving compensation for such services, as approved by the Board of Directors.

## 9.9 CONFLICT OF INTEREST

Officers of the Corporation may provide goods or services to the Corporation at competitive prices, unrestricted by their position. However, officers have a duty to diligently investigate and disclose any conflicts of interest or financial interests related to matters affecting the Corporation or its members. This obligation includes both actual and potential conflicts of interest. Officers must promptly disclose such information to the Board of Directors, demonstrating due diligence in fulfilling this responsibility.

## 9.10 GOOD FAITH RELIANCE

Officers are allowed to rely on information and opinions provided by other officers, employees, and professionals hired by the Corporation. This reliance is based on good faith, ordinary care, and the expertise of the individuals involved. Officers may also believe, in good faith and with ordinary care, that the Corporation's assets have a value equal to their book value.

When assessing the Corporation's liabilities and obligations, officers can rely on financial statements or information provided by those responsible for fulfilling those obligations. They may

also rely on information from officers, employees, or professionals hired by the Corporation, as long as they reasonably believe these individuals have the necessary expertise.

Officers must disclose any knowledge that could make such reliance unwarranted in a specific matter.

## **ARTICLE 10 – MEMBERSHIP, ETC.**

### **10.1 TERMINATION OF MEMBERSHIPS**

Membership in the Corporation is granted to fee simple property owners who are water utility customers of the Corporation, as defined in [Section 5.001 of the Texas Property Code](#), within the utility service area. However, a fee simple property owner can hold a membership to enable tenants or occupants of their property to receive utility service from the Corporation.

If any event or change of circumstances occurs that would disqualify a person from membership as outlined in the bylaws, including the sale of the property associated with their membership, the membership rights of a utility service subscriber will automatically cease.

The Board of Directors, with a majority vote of all Directors, has the authority to suspend or expel any member who, or whose tenant or occupant of the member's property, fails to make scheduled rate and charge payments within sixty (60) days of the due date or violates the prescribed terms and conditions of service.

### **10.2 REGISTERED MEMBERS**

The Corporation has the right to consider the registered holder of any membership as the true holder of that membership. Therefore, the Corporation is not obligated to acknowledge any equitable or other claims or interests in the membership by any other person, regardless of whether the Corporation has received explicit or other forms of notice. This is subject to any provisions specified by law.

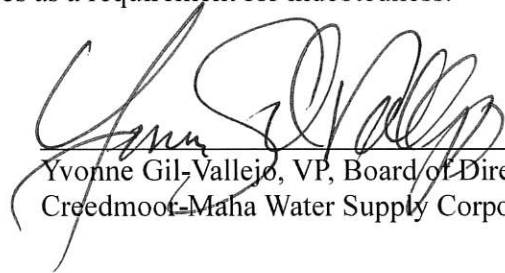
## **ARTICLE 11 – DEPOSITORY**

The Board of Directors will choose a Texas-based bank insured by the Federal Deposit Insurance Corporation to serve as the depository for the Corporation's funds. The Board may also require the depository to provide a bond for the Corporation's protection. Any funds allocated by the Board of Directors to a sinking fund for replacement, debt amortization, and interest payment, which are not required to be spent within the current year, will be invested in United States bonds or other forms of indebtedness. Alternatively, the funds may be deposited with the Federal Deposit Insurance Corporation in a savings account to earn interest.


If the Corporation becomes indebted to the Texas Water Development Board through bond issuance, the Board of Directors is empowered to adopt standard bond resolutions required by the Texas Water Development Board. Similarly, if the Corporation becomes indebted to a federal agency through bond issuance, the Board of Directors is empowered to adopt standard bond resolutions required by that agency.

Unanimously adopted during a publicly announced Board of Directors meeting on April 17, 2024, pending approval by state or federal agencies as a requirement for indebtedness.



  
Yvonne Gil-Vallejo, VP, Board of Directors  
Creedmoor-Maha Water Supply Corporation

ATTEST:

  
Rebecca Richards, Secretary/Treasurer, Board of Directors  
Creedmoor-Maha Water Supply Corporation

## **Exhibit A – Annual Meeting**

### **A. GENERAL**

Not less than four (4) month prior to the chosen date, the Board of Directors must select and approve a date for the annual meeting between January 1 and May 1 of each year.

The General Manager shall provide a State of the Corporation at every annual members' meeting. Additionally, the election of Board Members to fill expiring terms shall occur at the annual meeting. To ensure transparency and awareness, a "Notice of Election" must be prominently posted on the Corporation's website and at its office three (3) months prior to the election. The Notice of Election shall include the date of the election, the open positions, how to apply for election, and the deadline for applying.

If at any point these Bylaws conflict with Chapter 67 of the Texas Water Code, the Texas Water Code shall replace any conflicting rules.

### **B. APPLICATION**

Applications must be submitted to the Corporation no later than the 45th day before the annual meeting and the Corporation shall notify members of the application deadline at least thirty (30) days before the deadline.

To be listed as a candidate for a Director's position, an applicant must be a member of the Corporation in good standing and submit an application including:

1. The desired Director's position, including any distinguishing number;
2. a petition signed by twenty (20) members endorsing the candidate's nomination;
3. the candidate's written consent to serve if elected;
4. biographical information about the candidate; and
5. a statement of the candidate's qualifications.

### **C. VOTING**

The Board of Directors shall adopt an independent election auditor no later than thirty (30) days before the annual meeting. The auditor must not be associated with the Corporation as a(n): (a) employee; (b) Director or candidate for Director; or (c) independent contractor engaged by the Corporation as part of the Corporation's regular course of business.

Not later than the 30<sup>th</sup> day before the annual meeting, the Corporation shall mail each member of record:

1. written notice of the meeting;
2. the official ballot form, adopted by the Board of Directors, and indicating the number of Directors to be elected and the list of the candidates; and
3. statements of each candidate's qualification, including biographical information.

Members may vote in the Director election with methods outlined in Article 7 of the Corporation's Bylaws. Voters may not cast more than one (1) vote for any individual candidate.

Ballots shall be submitted by members in good standing or their proxies: (a) by mailing the ballot in a sealed and clearly marked envelope to the independent election auditor or the Corporation's office; (b) by placing the sealed ballot in a marked and locked bin with a slot which the independent election auditor shall maintain sole possession of the key to; or (c) at the annual meeting. Votes must be received by noon the day before the election except for votes made at the annual meeting.

#### D. ELECTION

The independent election auditor will receive and count the ballots before the meeting is adjourned and provide the Board with a written report of the election results.

The candidate with the highest number of votes for each position is elected. In the case of a tie for a position, the tied candidates will draw lots to determine the winner. In the event that an open seat is uncontested, the Board may appoint the uncontested candidate to the seat by resolution.

Each member is entitled to one (1) vote on each matter at member meetings, regardless of the number of memberships held.

Members may vote in person or via written proxy executed by the member or their authorized attorney-in-fact. Proxies are valid for up to three (3) months, unless otherwise specified. Proxies are revocable, unless expressly stated as irrevocable, and cannot remain irrevocable for over three months. For voting on the election of a Director, members may also mail or deliver their ballots to the independent election auditor or the Corporation's main office. Any such delivery must be received by noon on the business day before the annual meeting.

Members with outstanding utility account balances, unpaid membership fees, or authorized fees, and who are delinquent for sixty (60) days prior to the election or vote, are ineligible to participate in the membership vote.

## ARTICLE 12 – MISCELLANEOUS

### 12.1 INFORMATION

All Board actions and votes taken must be recorded in the Corporation's minutes. No Board action can be taken without a vote by the Board.

### 12.2 SEAL

The Board of Directors shall provide a corporate seal inscribed with the name "Creedmoor-Maha Water Supply Corporation" and the words "Corporate Seal."

### 12.3 BOOKS AND RECORDS

The Corporation shall maintain accurate and complete books, records, and minutes of its Board of Directors meetings.

Corporate records, books, and annual reports, subject to the Texas Open Records Act, can be accessed by the public or their authorized representatives during regular business hours upon prior written request. Reasonable charges may apply for copies. If any conflict arises between the Open Records Act and these bylaws, the Open Records Act shall take precedence.

### 12.4 CHECKS

Checks, money demands, and notes of the Corporation shall be signed by the designated officer(s) or person(s) authorized by the board of directors.

### 12.5 FISCAL YEAR

The Corporation's fiscal year starts on November 1st of each year.

### 12.6 AMENDMENTS

These Bylaws may be modified, amended, or revoked in whole or in part by a majority vote of the Board of Directors. However, if the Corporation has outstanding loans from the Texas Water Development Board or any federal agency, the Bylaws cannot be altered, amended, or repealed without obtaining the prior written consent of the respective entity responsible for the loan.

### 12.7 OBLIGATIONS INCIDENTAL TO INDEBTEDNESS

The Board of Directors may establish necessary financial reserves, sinking funds, or debt service accounts to comply with loan or bond agreements between the Corporation and its creditors.

The Board of Directors has the authority to encumber the Corporation's assets with reasonable liens or security interests in accordance with the loan or bond agreements. During this encumbrance, the assets cannot be sold or disposed of without notifying and obtaining permission from the creditor holding such liens or security interests, except as permitted by law or for the regular sale and distribution of potable water in the ordinary course of business.