

BY-LAWS
AMES WATER SUPPLY CORPORATION

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

ARTICLE I

The President shall preside at all members' and directors' meetings. He shall perform all other duties that usually pertain to this office or that is delegated to him by the Board of Directors. He may, upon demand of one-third (1/3) of the members, call a special meeting of the members. He may, also, upon request of the directors, call a special meeting of the directors or membership. He may notify board members of special meeting at regular meeting and/or notify (by mail or phone) members 10 days prior to said meeting. Such special meetings shall be held upon giving the notice required in Article X of these by-laws.

ARTICLE II

The Vice-President shall, in case of the absence or disability of the President, perform the duties of the President. If the Vice-President cannot perform the duties of the President the Secretary/Treasurer will perform said duties. If the Secretary/Treasurer cannot perform the duties of the President then the Senior Board Member will perform the duties of the President providing there is quorum.

ARTICLE III

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

ARTICLE IV

The Board of Directors shall consist of seven (7) members, a majority of whom shall constitute a quorum. The Board shall be elected by its members. Effected January 2025, all board members will serve a term of four years. Elections will be held every four years. All positions will be up for election.

No member of the Board of Directors shall be employed by the water district. No member on the Board of Directors shall be compensated for labor or service.

Upon the death or resignation of a member of the Board of Directors, a successor shall be elected by a majority vote of the Board. Once elected the appointee will serve out the remaining portion of the term thus vacated.

No member of the Board of Directors can be a duly elected or appointed person to/by another governmental body of this service area.

Board Members' Discounted Rates

Board Members receive discounted water rates at their resident **only** while serving. The following rules apply:

1. Upon Resigning, discounted water rates will not be given to board members serving less than two (4) years. Upon resigning or death water rates will revert to standard rates.
2. Board members will receive a permanent reduction of water rates after completing a total of six (8) consecutive years of service on the Board.

NOTE: This reduction applies to a maximum usage of 10,000 gallons per month. Any consumption exceeding this threshold will be charged at the standard rate corresponding to the level of usage.

ARTICLE V

Nepotism is defined as showing favoritism (hiring and paying) to relatives by those in power. In the 2022 election, Amendment I (Prohibition/banning nepotism and family members from serving simultaneously as board members) was passed. As stated in Texas law the determination of nepotism is based on the degree of blood or ancestral relationship. Consanguinity (blood relatives) applies to parents, grandparents, siblings, aunts, uncles, nieces and nephews. Affinity (in-laws) applies to spouse's parents and siblings. Those listed as consanguinity or affinity may not serve on the Board at the same time.

ARTICLE VI

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

Board Members are required to attend each board meeting. If a Board Member is unable to attend a meeting, a notice of his/her absent must be made to the secretary office at Ames Water Supply Corporation prior to the meeting. Three (3) unexcused absences in a six (6) month period are grounds for termination.

ARTICLE VII

Ames Water Supply Corporation organizational structure/chain of command will be as follows:

Ames Board of Directors
Office Manager
Receptionist/Billing Clerk
Operation Personnel

- **The Board of Directors**
Oversees company's direction, policies and procedures. The Board will make the final decision on all matters concerning the company.
- **Office Manager**
Oversees all daily office operation, work order implementation, financial reports, and scheduling. Reports to the Board.
- **The Receptionist/Billing Clerk**
Oversees bill payments and customer service.
- **Operations Personnel**
Oversees outside work with contractors and complete assignments handed down by office manager.

ARTICLE VIII

The Company credit cards may be used only by those assigned by Ames WSC Board of Directors. Those assigned are the office manager and treasurer. Sometimes, board members and

staff may need to pay for business-related expenses (e.g. room reservation, conferences, and or travel expenses). In these cases, please ask the office secretary to make the necessary provisions on your behalf. Alternatively, upon approval, you can pay for the charge yourself and submit an expense statement to the secretary for reimbursement. If it **meets our requirements**, the expense will be reimbursed promptly.

Don't use the card for personal or unauthorized expenses, even if you intend to compensate the charges later. Never use the company credit card for non-authorized or personal expenses. Never withdraw cash using the company credit card.

We expect you to comply with the company's credit card policies. We may need to take action if you violate them. For example:

- If you incur personal or unauthorized expenses, you'll need to pay them yourself. If you do this consistently, you may face disciplinary action that could include loss of the right to use the card or even termination depending on the amount and the type of expenses.
- If you lose a receipt, you'll need to inform the secretary immediately. Failure to submit receipts consistently, may result in losing the right to use the company card.
- Giving a company credit card to unauthorized people or abusing the expense limits may result in suspension or termination.
- While on company function meals are limited to \$100.00 per day. You may order whatever you desire, but realize that you will only be reimbursed \$ 100.00 per day. Meal receipts must be turned in to the secretary in order to be paid.
- Making prohibited purchases as mentioned previously will result in immediate termination, and possibly legal action.

Our company has the right to review your credit card use, and withdraw it if there's any inappropriate use. We have the right to withdraw card privileges from an employee or board member at any point.

ARTICLE IX

Membership in the Corporation shall be sold for \$50.00 per member. Each holder of membership in the Corporation shall be given a certificate which shall entitle him to one vote in the conduct of the affairs of the Corporation. A member shall vote either in person or by election ballot executed in writing by the member or by his duly authorized attorney-in-fact. The member may own more than one membership certificate, but each member will be entitled to only one vote.

ARTICLE X

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 membership as evidenced by the membership transfer book on the 15th day of the month next preceding the month of the date upon which the action requiring such determination is to be taken.

XI

In order to ensure 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, pledgees, administrators or executors, or purchasers at judicial sale, to other persons, only after approval by the directors of the person proposing to buy said membership. Membership in the Corporation shall be transferable only upon surrender of the membership certificate endorsed by the record owner to the transferee, and after all indebtedness due to the Corporation has been paid by the transferor or member.

ARTICLE XII

There shall be a regular meeting of the members annually, during the month of March, 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. The written notice shall be mailed to each member at their address last known to the Corporation. At the annual meeting a majority of the members, present in person, or represented by paper ballot vote, shall constitute a quorum to transact the business of the Corporation.

ARTICLE XIII

The giving of notice of special directors' and members' meetings shall be had by the President requesting in writing that the Secretary-Treasurer give them ten (10) days' notice to such directors of members. Such notice shall be addressed and mailed to such persons at their addresses last known to the Corporation. Provided, however, that all such special meetings of directors and members may be held by unanimous consent in writing of such directors and members respectively.

ARTICLE XIV

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

ARTICLE XV

All members will be billed for water charged on the first (1st) day of each month, and bills will be payable before the fifteen (15th) day of the billing month. If payment is made after the fifteen (15th) day of the billing month a late charge of ten dollars (\$10.00) will be assessed. If payment is not made for regular or additional water charges or any other indebtedness owing the Corporation after the twenty fifth (25th) day of the billing month, the Corporation may discontinue (cut-off) water service without further notice. When water service is discontinued (cut-off) a twenty dollar (\$20.00) disconnect fee will be added to the bill. After water service has been discontinued by reason of non-payment, the member will be charged a \$20.00 reconnect charge if they should later pay the amount due to the Corporation on prior bills and request to be reconnected to the facilities of the Corporation. In the event that a member should notify the Corporation to discontinue his water service, his obligation to pay the minimum monthly charge shall continue until he sells his membership to a purchaser who has been approved by the Corporation in the manner provided in Article VIII of these By-Laws.

ARTICLE XVI

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

ARTICLE XVII

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

ARTICLE XVIII

If at the end of any fiscal year the Board of Directors determines the total amount derived from the collection of water charges to be insufficient for the payment of all costs incident to the operation of the Corporations' system during the year in which such charges are collected, the Board shall make and levy an assessment against each member of the Corporation so that the sum of such assessment and the amount collected from water and other charges is sufficient to fully pay all costs of operation, maintenance, replacement and repayments on indebtedness, or other expenses, for the year's operations. A proportionate amount of the necessary total of such assessments levied in any year shall be levied against each member in an amount which bears the same relation to the total assessment as the number of service connections with the system of the Corporation.

ARTICLE XIX

The books and accounts of the Corporation shall be audited by a person competent to perform such audit at least once each year. The reports prepared by such auditor shall be submitted to the members at the annual meeting of such members.

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 purposes of the Corporation so as to decrease its rights and powers under the laws of the State, or to waive any requirement of bond or other provision for the safety and security of the property and funds of the Corporation or its members, or to deprive any member of rights and privileges then existing, or so to amend 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

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 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. 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 XXII

The name of the corporation is changed from Ames Minglewood Water Supply Corporation to Ames Water Supply Corporation. The seal of the Corporation shall consist of a circle within which shall be inscribed "AMES WATER SUPPLY CORPORATION."

These BY-LAWS supersedes and replace any and all prior By-Laws

The above BY-LAWS AND REGULATIONS were adopted by the BOARD of DIRECTORS of the Ames Water Supply Corporation, at a meeting in the Corporate Meeting Room located at 451 Donatto Street; Liberty, Texas on the 6th day of January 2025.