

B and B Water Supply Corporation

County of Navarro

Barry Texas

Established 1966

B&B WATER SUPPLY CORPORATION

HISTORY:

The B & B Water Supply Corporation became a reality in 1966. Loans and grants were tentatively committed subject to requirements of applicable FHA instructions and closing conditions of the office of General Counsel. In May 1966 Mr. Robert Gladney received a letter from the Secretary of

State John L. Hill stating the Articles of Incorporation has been placed on record. Since that time the corporation has continued to expand from 125 meters to its present 1020 meters as of January 2026, B and B Water Supply Corporation paid off their FHA Loan.

PURPOSE OF THE CORPORATION:

The corporation is a nonprofit, member-owned corporation organized under Article 1434A of the revised civil statutes of Texas, of 1925 as amended and supplemented by the Texas nonprofit act, Article 1.01 as amended. The corporation is formed for the purpose of furnishing a water supply for general farm use and for domestic purposes to individuals in the rural communities of Drane, Black Hills, Cryer Creek, Barry and the surrounding rural areas. The Board of Directors, elected by the members of the Corporation, shall have the authority to formulate policies, rates, and tariffs.

BY-LAWS

By-Laws of B & B 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 over all member and director's meetings. The President may, and upon demand of 10% of the members, shall call a special meeting of the members or directors. 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 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 by a 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 at 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 money on hand at any one time, but shall not be less than \$1,000.00.

ARTICLE IV

The board of directors shall consist of seven (7) members, A majority of whom shall constitute a quorum. Upon the issuance of the charter and annually thereafter, the board of directors shall elect a president, vice president and a secretary-treasurer. The board shall be elected by the members at the members annual meeting and starting in 2026 2 directors will be elected first, the next year 2 will be elected and then the next year after that 3 will be elected. The board members 3 years instead of 2 years. Board vacancies that occur during the year can be filled by appointment by the board of directors to fill the remainder of the time left of the departing director.

Section 1. A person must be a member of the Corporation and at least 18 years old in order to serve as a director. A person is not qualified to serve as a director if the person has been determined by a final judgment of a court exercising probate jurisdiction to be totally mentally incapacitated; or partially mentally incapacitated without the right to vote; or has been finally convicted of a felony from which the person has not been pardoned or otherwise released from the resulting disabilities. Not later than the 60th day after a Director dies, resigns or is determined by the Board to not meet one of the qualifications set forth in Section 1, a successor who meets those qualifications shall be appointed by a majority of the remaining 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.

Section 2. The Board of Directors shall adopt, and from time to time may revise, written procedures for conducting annual or special Membership meetings, including notification to the Membership of the proposed agenda, location, and date of the meeting; election procedures; approval of the ballot form to be used; and validation of eligible voters, ballots, and election results. At least thirty (30) days before the date of a Membership meeting that includes an election, the Corporation shall deliver to each member of record at the address last known to the Corporation will by members choice of US mail or

electronic mail notice of such meeting indicating the time, place, and purpose of such meeting; the election ballot; and for director elections, a statement of each candidate's qualifications, including biographical information as provided in each candidate's application. The election ballot for director elections must include the number of directors to be elected, and the names of the candidates. 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.

Section 3. The Board shall select an independent election auditor not later than thirty (30) days before the scheduled date of a Membership meeting where an election will be held. The independent election auditor is not required to be an experienced election judge or auditor and may serve as an unpaid volunteer. At the time of selection and while serving in the capacity of an independent election auditor, the independent election auditor may not be associated with the Corporation as an employee; a director or candidate for director; or an independent contractor engaged by the Corporation as part of the Corporation's regular course of business. The independent election auditor should receive and count the ballots before the meeting is adjourned. The independent election auditor shall provide the board with a written report of the election results.

Section 4. For any election, a member may vote in person at the Membership meeting; or by returning a completed ballot to the office of the independent election auditor or to the Corporation's main office. All ballots, not cast at the meeting, must be received by noon on the meeting date by delivering a completed ballot to the office of the independent election auditor or to the Corporation's main office. A quorum for the transaction of business at a meeting of the Membership is a majority of the members present.

Section 5. The Board of Directors shall establish a standing Credentials Committee of three (3) Members, of which the Secretary-Treasurer shall be the chairperson. This committee shall at no time have sufficient board

members appointed to constitute a quorum of the Board of Directors. This committee, in accordance with procedures adopted by the Board under Section 2, shall recommend for Board approval the election procedures and all related forms and notices, recommend for Board approval a person to fill the role of independent election auditor, ensure that the election procedures are implemented, and serve other functions designated in the Corporation's election procedures. Should the individual holding the office of Secretary-Treasurer be running for re-election, the Board shall appoint an officer not currently running for re-election to serve as chairperson of this committee.

Section 6. After determining 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.

Section 7. Officers and Directors may be removed from office in the following manner except as otherwise provided within these bylaws. Any member, officer or director may present charges against a director (s) or officer (s) by filing such charges in writing with the secretary-treasurer of the corporation. If presented by a member, the charges must be accompanied by petition signed by at least 10 % 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 a vote of 2/3 majority of those voting. The director

(s) or officer (s) against whom such charges have been presented shall be informed in writing of such charges at least 20 days prior to the meeting and shall have the opportunity at such meeting to be heard in person or by counsel and present witness. The person or persons presenting such charges shall have the same opportunity. If the removal of a director (s) is approved, such action shall also vacate any other office (s) held by the removed director in the corporation. A vacancy on 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 vacancy in the board of directors has been filled.

Section 8. The president of the board or vice-president shall preside at any meeting of the members convened to consider the removal of an officer or director as provided under section 7, 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, those directors who are not subject of any charges shall appoint one of their directors to preside over the meeting. Any meeting convened to consider the removal of an officer or director shall be conducted in accordance with the procedures established by the board of directors. The fact that the president, vice-president or any other officer or director has been made the subject of charges does not otherwise prevent such individual from continuing to act in the capacity as an officer or director of the corporation. Any director or officer that has been removed under this article shall be precluded from subsequent elections and can never be elected to a position within the organization.

ARTICLE V

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

Article VI

The corporation shall conduct its business on a non-profit basis, and no dividends shall ever be paid upon membership in such Corporation.

ARTICLE VII

The directors of the Corporation shall establish and maintain a separate account apart from other funded accounts of the Corporation. This fund will be the membership fund and will contain all refundable membership fees and deposits. Withdrawals from this fund shall be made only for emergency repairs, obsolescence of equipment, and improvements to facility. The directors shall invest all sums in this fund, that is not required to be expended within the year, in an interest-bearing 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

people desiring service to the extent that the capabilities of the system will reasonably permit.

Section 2. The membership fee shall be in accordance with the current tariff which shall entitle the member to one connection to the water main of the Corporation. A person may have more than one membership, but each member shall be entitled to only one vote regardless of the number of memberships owned. Memberships will be transferred from property owner to property owner and will only be refunded if service to the property is permanently disconnected.

ARTICLE 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, administrator or executors, or purchasers at judicial sale, or other persons, only after approval by the directors of the transfer of said membership. Except as hereinafter provided, membership in the Corporation shall be deemed personal estate, and shall be transferable. After all indebtedness due to the Corporation has been paid by the transferring member. Notwithstanding anything in the contract hereinabove 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 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 membership

ARTICLE XI

There shall be a regular meeting of the board monthly, to transact business that may be properly brought before it. One meeting between January 1st and April 31 will be designated as the Annual Members Meeting where elections of the board members will be conducted, as well as consideration of any matter pertaining to the corporate business properly brought by a member, or group of members, before the membership.

At this meeting, the newly formed board members will elect officers of the board for the up upcoming year. All regular meetings for the year will be posted at the annual meeting and will be available on the company website. Notification of the annual meeting will be shown on the monthly water bill at least 1 month prior to the meeting and posted at the company office.

ARTICLE XII

Special meeting of the directors may be held upon reasonable notice, either written or oral. 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. Such notices shall indicate the time, place, and purpose of the meeting, and shall be addressed and mailed to such members at their last address or sent by electronic mail 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 elected manager shall serve with or 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 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 properly endorsed to the Secretary-Treasurer of the Corporation, the water service shall be discontinued, the obligation to pay for water service shall terminate, and any deposits will be refunded upon receipt of payment of all outstanding balances. In the event membership is terminated, cancelled, withdrawn, or surrendered, whether voluntarily or involuntarily, the former member's rights and interest in the assets of the Corporation will 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 to 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 the state, or to an educational, religious, charitable, or other similar organization that is qualified as a charitable organization under Section 501(c)(3) Internal Revenue Code of 1954, as amended.

ARTICLE XVI

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

ARTICLE XVII

For so long as the Corporation is indebted for a loan or loans made to it by any bank or loan corporation, the Corporation shall insure with a reputable insurance company such of its properties and in such amounts as to cover its assets.

ARTICLE XVIII

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. Any assessments levied to make up operational deficits in any year shall be levied against members in proportion to their patronage with the Corporation.

ARTICLE XIX

The books and accounts of the Corporation shall be audited at least once each year by a person competent to perform such audit. 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 purpose of the Corporation so as to decrease its rights and powers under the law 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 last 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 "B and B Water Supply Corporation".

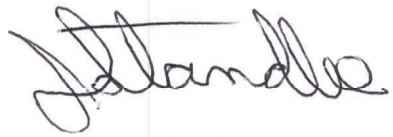
ARTICLE XXII

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

Article XXIII

If there is a conflict between State or Federal code or regulation and the By-laws of the corporation, State and Federal code or Regulation takes precedence. The Board of Directors can hold a special member meeting to update the bylaws to be consistent with state and State and Federal Code or regulation by majority vote of members present at the meeting.

The above By-Laws and regulations were unanimously adopted by the membership of B & B Water Supply Corporation, at a meeting in the Lone Star Cowboy Church 4495 HWY 22 Corsicana Texas on the 21st date of April A.D. 2026.


President


Secretary-Treasurer

