

# MILITARY HIGHWAY WATER SUPPLY CORPORATION

Bylaws of Military Highway Water Supply Corporation, having been presented to the Members of said Corporation and duly adopted, are as follows:

## ARTICLE I

### MEETINGS/PRESIDENT:

The President shall preside and vote at all Members' and Directors' meetings. The President shall perform all other duties that usually pertain to the office or are delegated to the office by the Board of Directors.

## ARTICLE II

### VICE-PRESIDENT:

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

## ARTICLE III

### SECRETARY/TREASURER:

Section 1. The Secretary-Treasurer shall have custody of all monies, records, and securities of the Corporation. The Secretary-Treasurer shall keep minutes of the Corporation. All monies of the Corporation shall be deposited by the Secretary-Treasurer in such depository as shall be selected by the Board of Directors. Checks must be signed by the Secretary-Treasurer and the President or Vice-President in the absence of the President, or in the absence of the President or Vice-President or Secretary-Treasurer, then the General Manager or any one of the three officers may sign the checks. The Secretary-Treasurer shall have custody of the seal of the Corporation and affix it as directed by 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-Treasurer in all official duties pertaining to that office.

### FIDUCIARY BOND:

Section 2. The position of the Secretary-Treasurer and other Board positions and/or employees 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, but not less than once each

year, by the Board of Directors. The fidelity bond coverage amount shall approximate the total annual debt service requirements for all USDA Rural Development, Rural Utilities Service (RUS) loans and be evidenced by a position fidelity schedule bond as acceptable to the USDA Rural Development, RUS, or its successor agencies and assigns.

## ARTICLE IV

### BOARD OF DIRECTORS:

Section 1. The Board of Directors shall consist of eleven (11) Directors, a majority of whom shall constitute a quorum. The Directors shall be elected by the Members at the Members' regular meeting provided for in Article XI of the Bylaws or special called meeting as provided in Article XII. 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 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. The Directors shall serve without pay, but may be compensated for actual expenses by a majority vote of Directors.

Upon issuance of the Charter, and annually thereafter at the Board of Directors' regular monthly meeting following the Member's regular annual meeting, the Board of Directors shall elect a President, a Vice-President and a Secretary-Treasurer from among the Directors.

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 membership shall elect a successor for the remaining balance of the previously vacated term.

### REMOVAL:

Section 2. 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 five (5) 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 a vote of 2/3 majority of those 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 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 the removal of a Director(s) is approved, such action shall also vacate any other office(s) held by the removed 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 meetings 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.

#### PRESIDING OFFICER:

Section 3. The President of the Board shall preside at any meeting of the Members convened to consider removal of a Director as provided under Section 2, 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 other Directors to preside over the meeting. Any meeting convened to consider the removal of a Director shall be conducted in accord with the procedures prescribed by the Board. The fact that President, Vice-President, or any other Officer or Director has been made the subject of charges does not prevent such individual from continuing to act as an Officer and/or Director of the Corporation. 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.

#### CONFLICT OF INTEREST POLICY:

Section 4. The Board of Directors shall adopt and maintain a conflict of interest policy designed to promote the business of the Corporation and serve the interests of the Membership. Such a policy, at a minimum, shall be in conformance with the provisions of the Texas Business Organization Code pertaining to duties and responsibilities of the Board of Directors.

### ARTICLE V

#### BOARD MEETINGS:

Section 1. 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. No further notice to the Directors of such meetings shall be required, and each Director shall be responsible for attendance of said meeting without further notice.

#### ATTENDANCE:

Section 2. Any Director failing to attend two (2) consecutive meetings shall be given written notice by the balance of the Board of Directors that failure by said Director to attend

a third consecutive monthly 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 a 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.

#### PUBLIC ACCESS/GRIEVANCE:

Section 3. 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 deliberation or actions by the Board unless such has been first noticed in accordance with the Texas Open Meetings Act. The Board of Directors shall establish reasonable rules for access to such meetings.

#### OPEN MEETINGS ACT:

Section 4. The Board of Directors shall ensure that all meetings comply with the requirements of the Open Meetings 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 Texas Open Meetings Act, the provisions of the Open Meeting Act shall prevail.

#### INDEMNIFICATION OF DIRECTORS:

Section 5. In conducting their duties as members of the Board, Directors: (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 of 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, Directors must disclose any knowledge they may have concerning a matter in question that makes reliance otherwise provided herein to be unwarranted.

## EXECUTIVE SESSION:

Section 6. The Board of Directors may, upon lawfully 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 Meeting 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 Meetings Act.

## ARTICLE VI

### NON-PROFIT:

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 Corporation of such business shall be paid out to a charitable organization, provided that no such dividends shall ever be paid while any indebtedness of the corporation remains unpaid. Such charitable organization shall be determined by the Board of Directors. The Directors of the Corporation may allocate to sinking fund(s) and reserve accounts such amounts of profit as they deem necessary for the 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 VII

### FEDERAL DEPOSITORY:

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 times 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 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 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 VIII

### MEMBERSHIP:

Section 1. The Corporation shall have Members as defined by the Texas Water Code. All customers of the Corporation must have a membership or obtain service 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 conditions of water and/or sewer 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, citizenship, or national origin. It is the intent of the Corporation to provide service on a nondiscriminatory basis.

### MEMBERSHIP FEE:

Section 2. The Membership fee shall be as determined by the Board of Directors. Payment of Membership fee or transfer of Membership shall entitle an application 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 and/or sewer as provided in the Corporation's published rates, charges, and conditions of service. 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.

### REVISION OF MEMBERSHIP FEE:

Section 3. 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 and/or sewer service from the Corporation for such potential Member's 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 and/or sewer rate unless previously approved by USDA Rural Development, RUS.

## ARTICLE IX

### OWNERSHIP, VOTING, & MEMBERSHIP:

Where necessary for determining those Members entitled to notice of, or those Members entitled to vote at any meeting or any adjournment thereof, or where necessary to make a determination of Members for any other proper purpose, ownership of Memberships shall be deemed to be vested in those persons who are the recorded owners of Memberships as evidence 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. 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 X

### MEMBERSHIP TRANSFER:

Section 1. 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 in accordance with the following:

### MEMBERSHIP/PERSONAL ESTATE:

(a) 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 in the Corporation may not sell or transfer that stock, Membership, or other right of participation to another person or entity except:

- (1) by will to a transferee who is a person related to the testator within the second degree by consanguinity;
- (2) 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

(3) by transfer without compensation or by sale to the Corporation.

CONVEYANCE OF MEMBERSHIP :

(b) Section (1) 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 from which the Membership or other right of participation arose.

TRANSFER RESTRICTIONS:

(c) The transfer of stock, a Membership, or another right of participation under this section does not entitle the transferee to water and/or sewer service unless each condition for water and/or sewer service is met as provided in the Corporation's published rates, charges, and conditions of service. Water and/or sewer 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.

CANCELLATION OF MEMBERSHIP:

(d) The Corporation may cancel a person's or other entity's stock, Membership, or other right of participation if the person or other entity fails to meet the conditions for water and/or sewer service 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 and/or sewer service under the stock, Membership, or other right of participation authorized under Subsection ©) of this section. The Corporation may, consistent with the limitations prescribed by Subsection (a) of this section and as provided in the Corporation's tariff, reassign canceled stock, or a canceled 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 and/or sewer service is requested, subject to compliance with the conditions for water and/or sewer service prescribed by the Corporation's published rates, charges, and conditions of service.

CONSIDERATION FOR TRANSFER:

Section 2. Notwithstanding anything to the contrary hereinabove provided, the consideration for the transfer of any Membership in the Corporation from the original Members, their transferees, 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 of transfer of a Membership.

## ARTICLE XI

### MEMBERSHIP MEETING DATE:

Section 1. There shall be a regular meeting of the Members annually, on the last Sunday of March of each year, unless such day is a holiday, then the meeting will be held on the next Sunday following, to transact all business that may be properly brought before it. The Secretary-Treasurer shall give at least thirty (30) 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. Failure to hold or call an annual or special meeting in accordance with these By-Laws shall give each member rights to compel the Board of Directors to properly hold an annual or special meeting of the Membership. A quorum for the transaction of business at a meeting of the Members shall be those Members present, either in person, or by having mailed or delivered ballots to the independent Election Auditor or the Corporation on a matter submitted to a vote at the meeting.

### MEMBERSHIP LIST:

Section 2. 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. Not 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 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 his 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.

### WRITTEN PROCEDURES:

Section 3. The Board of Directors shall adopt, and from time to time may revise, written procedures for conducting annual or special Membership Meetings, including procedures and forms for applying for a place on the ballot for election of directors, the ballot form which shall be the official ballot for such meetings; procedures for proper notification of the Membership of such meeting and delivery of the Corporation's official ballot form 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 meetings of the Membership. The written procedures shall comply with the provisions of Chapter 67 of the Texas Water Code relating to election procedures

and qualifications of members of boards of directors of water supply and sewer service corporations.

CREDENTIALS COMMITTEE:

Section 4. The Board of Directors shall establish a standing Credentials Committee of which the Secretary-Treasurer shall be the chairperson. Should the individual holding the office of Secretary-Treasurer be running for re-election, the Board shall appoint any other Board member not currently running for re-election to serve as chairperson of this committee. Each year, at the time all officers are elected, the Board of Directors shall appoint at least two (2) other members of the Board, who are not standing for reelection at the next annual membership meeting, to serve on the Credentials Committee. This committee, in accordance with the procedures adopted under Section 3, shall prepare and recommend for approval the election procedures, ballot forms, director application forms and meeting notices, ensure that the election procedures are implemented, and serve other functions as assigned by the Board.

ELECTION AUDITOR:

Section 5. The Board shall select an independent Election Auditor on a date determined by the Board, but not later than the 30<sup>th</sup> day before the scheduled date of the annual meeting of the Membership. The Election Auditor shall serve in such capacity in accordance with the written procedures adopted by the Board for conducting meetings of the Membership in accordance with Section 3 above. At the time of selection and while serving in such capacity, the 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 shall provide the Board with a written report of the election results at the first Board meeting following the election.

ARTICLE XII

NOTICE/SPECIAL BOARD MEETINGS:

Special meetings of the Directors may be held upon the posting of such special meeting, in the manner provided by the Texas Open Meetings Act, at least seventy-two (72) hours before the meeting is convened. 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 special meeting of the Directors be convened where the business of such meeting could be considered at a regular meeting of the Directors.

#### NOTICE/EMERGENCY BOARD MEETINGS:

Emergency meetings of the Directors may be held upon the posting of such emergency meeting, in the manner provided by the Texas Open Meetings Act, at least two (2) hours before the meeting is convened. 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 Directors receiving at least seventy-two (72) hours notice as provided under Article V of these Bylaws.

#### NOTICE/SPECIAL MEMBERSHIP MEETINGS:

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 meeting is otherwise noticed as required by the Texas Open Meeting Act and 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 each of the Members at their address last known to the Corporation.

### ARTICLE XIII

#### BUSINESS OF CORPORATION/MANAGER:

The Board may employ a manager to manage the business of the Corporation under the direction of the Board. The Board shall set the salary for the manager.

### ARTICLE XIV

#### MEMBER/CERTIFICATE/RIGHTS:

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 and/or sewer service shall be discontinued 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 the Corporation. In the event Membership is terminated, canceled, withdrawn, or surrendered, whether voluntarily or involuntarily, the former Members's rights and interest in the assets of the Corporation will not be forfeited.

## ARTICLE XV

### CORPORATION DISSOLUTION:

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 and/or sewer service or otherwise shall be deducted from such Members's share prior to final distribution. By application for an 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 necessary to effectuate such transfers in order to preserve the Corporation's statutory rights to exemption from income and ad valorem taxation.

## ARTICLE XVI

### FISCAL YEAR:

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

## ARTICLE XVII

### PROPERTY INSURANCE:

For so long as the Corporation is indebted for a loan or loans made to it by 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.

## ARTICLE XVIII

### CORPORATE BOOKS:

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

## 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 statements 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.

## CORPORATE RECORDS:

The records of the Corporation shall be kept in the Corporation office in Relampago, Texas. The records may not be removed from the Corporation's office and the Corporation reserves the right to require reasonable notice of written requests for information and the opportunity to consult its governing body and/or legal counsel prior to disclosure, which disclosure or response will be provided within thirty (30) days. With prior written request, corporate records, books, and annual report, subject to exceptions provided in 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. In the event of any conflict between the provisions of the Public Information Act and the provisions of these Bylaws, the provisions of the Public Information Act shall prevail.

## ARTICLE XIX

### AMENDMENT OF BY-LAWS:

These By-Laws may be altered, amended, or repealed by a vote of a majority of the Members present, whether in person or by ballot, at any regular meeting of the Members, or any special meeting of the Members called for that purpose, provided that a quorum is present, 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 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, these By-Laws shall not be altered, amended, or repealed without the prior written consent of the State Director of the USDA Rural Development, RUS, for the State of Texas. Furthermore, as long as the Corporation is indebted for a loan or loans made to it by or through the Texas Water Development Board, these By-Laws shall not be altered, amended, or

repealed without the prior written consent of the Development Fund Manager of the Texas Water Development Board.

## ARTICLE XX

### CORPORATE SEAL:

The seal of the Corporation shall consist of a circle within shall be inscribed "MILITARY HIGHWAY WATER SUPPLY CORPORATION".

## ARTICLE XXI

### ASSETS PLEDGE:

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.

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Rick Bennett  
Secretary/Treasurer