

BYLAWS

CADDO BASIN SPECIAL UTILITY DISTRICT

ARTICLE I

Caddo Basin Special Utility District is created under Chapter 65, in the Texas Water Code and is a governmental agency and a body politic and corporate. It is declared to be a defined district within the meaning of Article XVI, Section 59, of the Texas Constitution.

ARTICLE II

The district shall be governed by a Board of Directors consisting of seven (7) directors, a majority of whom shall constitute a quorum. Annually, immediately following the annual directors election of the district, the Board of Directors shall elect a President, a Vice-President, and a Secretary/Treasurer. The directors shall be elected by the residents of the district as provided for in Article VIII of the bylaws. The directors shall be elected at large by term of office. The term of office shall not exceed three years for a director with no limit to the number of terms to which a director may be elected in office. Each director is entitled to receive as fees of office \$50 per meeting for each meeting of service, and may be reimbursed for travel or other expenses incurred on behalf of the district upon approval of the Board of Directors. Upon the death or resignation of a director, a Successor shall be elected by a majority vote of directors to serve out the remaining portion of the year. The unexpired term shall then be filled at the next election of directors. Upon missing four (4) consecutive meetings, a director may be voted out of office by a majority vote of the directors after due consideration.

ARTICLE III

The President shall preside at all regular and special meetings. He may, and upon demand of one-third (1/3) of the residents shall, call a special meeting of the district. Such special meeting shall be held upon giving notice required in Article IX of the bylaws. He shall perform all other duties that usually pertain to the office or are delegated to him by the Board of Directors.

ARTICLE IV

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

ARTICLE V

The Secretary/Treasurer shall have the custody of all the monies and securities of the district. He shall keep regular books and minutes of all meetings of the district. All monies of the District shall be deposited by him in such depository as shall be selected by the directors. Checks must be signed by him and the President or Vice-President. He shall have custody of the seal of the district and affix it as directed on resolutions or contracts passed by the Board of Directors. The Board of Directors may appoint an employee as assistant or Deputy Secretary/Treasurer to assist the Secretary in all official duties and that person is entitled to certify the authenticity of any record of the district.

ARTICLE VI

Regular meetings of the Board of Directors shall be held at such time as the board may determine. Notice of meeting shall be given as required by the Texas Open Meetings Law. The district office located in Floyd, Texas shall be the designated public meeting place.

ARTICLE VII

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 district shall have the right to become a customer of the district upon payment of the service connect fee hereinafter provided and upon payment compliance with the reasonable requirements of the district governing the purchase of water, charges for deposit and connection, and operation of and service by the system. The deposit fee shall be one hundred fifty dollars (\$150). Other fees or charges shall be in accordance with the approved District Service Policy of the district.

Service shall not be denied because of the applicant's race, color, creed, or national origin. It is the intent of the district to provide service on a non-discriminatory basis to all persons desiring service to the extent that the capabilities of the system will reasonably permit.

ARTICLE VIII

These shall be a regular election of directors annually, on the first Saturday of May each year. The Secretary/Treasurer shall give notice of the election as provided by the Texas Election Code.

ARTICLE IX

Special meetings of the district may be held upon reasonable notice. Prior to any special meeting such notice shall be posted as required by the Texas Open Meetings Law.

ARTICLE X

The business of the district may be handled under the direction of the Board of Directors, by a general manager to be elected by majority vote of the Board. The general manager, with the approval of the Board of Directors, may employ such supervisory, clerical, or other employees as he may require to effectively operate the business of the district. The General Manager, or a designated, certified appointee, will also serve as Public Information Officer and Public Funds Investment Officer.

ARTICLE XI

All customers will be billed, disconnected, or reconnected in accordance with the written policies of the district.

ARTICLE XII

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

ARTICLE XIII

The books and accounts of the district shall be audited by a person competent to perform such audit as least once each year. The reports prepared by such auditor shall be available to the residents after its completion.

ARTICLE XIV

These bylaws may be altered, amended, or replaced by a vote of a majority of the members of the Board of Directors at any regular meeting of the district, or at any special meeting called for that purpose.

ARTICLE XV

The seal of the district shall consist of a circle within which shall be inscribed "CADDO BASIN SPECIAL UTILITY DISTRICT".

The above bylaws and regulations were duly adopted by the Board of Directors of CADDO BASIN SPECIAL UTILITY DISTRICT.