

BYLAWS

Of

BLOCKER CROSSROADS WATER SUPPLY CORPORATION

Bylaws of Blocker Crossroads 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 and vote at all Members' and Directors' meetings. The President shall perform all other duties that usually pertain to the office or are delegated 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 monies, records, and securities of the Corporation. The Secretary-Treasurer shall keep regular books and shall keep minutes of all meetings of the Corporation. All monies of the Corporation shall be deposited by the Secretary-Treasurer in such depository as shall be selected by the Directors. Those authorized to sign checks are the following: (1) the President; (2) the Secretary-Treasurer; and/or (4) any employee designated by a resolution adopted by the Board of Directors for this purpose. 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. 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. 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 Utility Service (RUS) loans and be evidenced by a position fidelity schedule bond as acceptable to USDA Rural Development, RUS or its successor agencies and assigns.

ARTICLE IV

Section 1. A person must be 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.

Section 2. The Board of Directors shall establish the number of Directors by Board Resolution, shall consist of not more than twenty-one (21) and not less than three (3) Directors, and is currently set at Five (5) Directors, a majority of whom shall constitute a quorum. The number of Directors may be increased or decreased from time to time by Board Resolution, but no decrease shall have the effect of shortening the term of an incumbent Director. Upon issuance of the Charter on the Monday following the first annual meeting, the Board of Directors shall elect a President, a Vice President, and a Secretary-Treasurer from among the Directors and said Director's shall continue to sit in the same seat until their seat is vacated. If a Director's seat should become vacated during a calendar year, a successor shall be elected by a majority vote of the Directors. Each director shall serve a term of three (3) years. At each annual meeting, the number of directors equal to the number of directors whose term expires at the time of such meeting shall be elected to hold office for a period of three (3) years. Directors, other than the Secretary-Treasurer, shall serve without pay except as provided for by state law. Directors shall be compensated for actual expenses incurred by Board Approval. The Board shall set the Secretary-Treasurer's salary at an amount commensurate with the duties of each role. Upon the death, resignation or is determined by the Board to not meet one of the qualifications set forth in Section 1, a successor shall be elected by a majority of the directors remaining to serve out the remaining portion of the term thus vacated.

Section 3. Officers and Directors may be removed from office in the following manner except as otherwise provided in Article V: Any Member, Officer, or Director may present charges against a Director or Officer by filing such charges in writing with the Secretary-Treasurer of the Corporation. If presented by a Member, the charge must be accompanied by petition signed by at least ten percent (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 if a quorum is present. The director(s) against whom such charges have been presented shall be informed in writing of the charges at least twenty (20) days before the meeting, and shall have the opportunity at such meeting to be heard in person or by counsel, to present witnesses and other evidence in rebuttal of such charges, and to question other witnesses. The person(s) brings such charges shall have the same rights. A vacancy on the Board thus created shall immediately be filled by a qualified person other than the removed Director upon vote of a majority of the Board Members present and voting at such meeting. 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. The President shall preside over the meeting unless (s)he is the subject of the charges, in which case the vice president shall preside. If both the president and vice president are the subject of the charges, the directors who are not subject to charges shall appoint a presiding officer by majority vote.

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. A director shall not be prohibited from providing goods or services to the Corporation at competitive prices by reason of their directorship, but said director shall not be authorized to vote on any matter in which they may have a pecuniary interest except as a customer of the Corporation. A director has an affirmative duty to

exercise reasonable due diligence to investigate and disclose any real or apparent conflicts of interests or pecuniary interests (s)he may have on a matter affecting the Corporation or its members.

No director shall be liable to the Corporation or to the Corporation's membership for monetary damages for any act or omission in the director's capacity as a director of the Corporation, except and unless the director shall be found liable for a breach of the director's duty of loyalty to the Corporation or the Corporation's membership; an act or omission not in good faith that constitutes a breach of the director's duty to the Corporation or an act or omission that involves intentional misconduct or knowing violation of the law on the part of the director; a transaction from which the director receives an improper benefit, whether or not the benefit results from an act or omission for which liability of the director is expressly provided by Texas law.

ARTICLE V

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. 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 Open Meetings Act, the provisions of the Open Meetings Act shall prevail. Each Director shall be responsible for attendance at said regular meetings.

Section 2. In the event of a Director misses three (3) consecutive meetings without proper excuse, the Board will appoint a Director to fill that place for the unexpired term of that Director.

Section 3. The Board of Directors shall provide access for any individual impacted by Blocker Crossroad WSC's activities, new service applicants, or Members to the meetings of the Board of Directors by setting aside an allotted timeframe for hearing of public comments, suggestions, proposals, or grievances; however, there shall be no deliberations or actions by the Board unless such has first been noticed in accordance with the Texas Open Meetings Act. The Board of Directors shall establish reasonable rules for access to such meetings.

Section 4. The Board of Directors may, upon lawful 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 Meetings 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.

Section 5. In conducting their duties as members of the board, each director (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 of 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, registered engineers, 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 for the discharge of its liabilities and obligations, 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 and with ordinary care on information, opinions, reports or statements by one or more officers or employees of the Corporation; or by legal counsel, public accountants, registered engineers, or other persons retained by the Corporation provided that said director reasonably believes such matters fall within such person's professional or expert competence. Nevertheless, a director must disclose any knowledge which (s)he may have concerning a matter in question that makes reliance otherwise provided herein to be unwarranted.

ARTICLE VI

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 operation of such business shall be annually paid out to the persons who have, during the past year, transacted business with the Corporation, in direct proportion to the amount of business transacted, provided that no such dividends shall ever be paid while any indebtedness of the Corporation remains unpaid and, provided also, that the Directors of the Corporation may allocate to sinking fund(s) and reserve accounts such amount of profits as they deem necessary for maintenance, operation, capital improvements, expansions and replacements of all facility components, as provided by Section 67.008 (d) of the Texas Water Code or successor articles. 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 or successor articles.

ARTICLE VII

The Directors of the Corporation shall establish and maintain, so long as the Corporation is indebted to the Government, CoBank, ACB, or TWDB, 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, CoBank, ACB, or TWDB. 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

Section 1. The Corporation shall have Members as defined by the Texas Water Code. All customers of the Corporation must hold a Membership or obtain their service through a Membership. 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 and upon compliance with the Corporation's conditions of water 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, disability, or national origin. It is the intent of the Corporation to provide service on a nondiscriminatory basis.

Section 2. The Membership fee shall be two hundred and fifty dollars (\$250.00). Payment of Membership fee or transfer of Membership shall entitle an applicant 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 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.

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 service from the Corporation for sure potential members 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 and amount equal to the sum of twelve (12) charges of the Corporations minimum monthly water rate.

ARTICLE IX

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 record owners of Memberships as evidenced by Blocker Crossroads Membership Records 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

Section 1. 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 in accordance with the following:

(a) The transfer of stock, Membership, or another right of participation under this section does not entitle the transferee to water service unless each condition for water 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.

(b) The Corporation may cancel a persons or other entity's stock, Membership, or other right of participation if the person or other entity harasses any Blocker Crossroads WSC personnel while such personnel is performing official duties on behalf of Blocker Crossroads WSC, or 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 service under the stock, Membership, or other right of participation authorized under Subsection (a) of this section.

(c) The Corporation may, consistent with the limitations prescribed by 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 service is requested, subject to compliance with the conditions for water service prescribed by the Corporation's published rates, charges, and conditions of service.

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 or transfer of a membership.

ARTICLE XI

Section 1. There shall be a regular annual meeting of the Members annually, held between January 1 and May 1, at a date and time specified by the Board, to conduct all business that may be properly brought before it. The Secretary -Treasurer shall give notice of such annual meeting to the Membership indicating the time place and purpose of such meeting as required by law. . 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. Voting by proxy shall be permitted.

Section 2. The Board of Directors shall adopt, and from time to time may revise, written procedures for conducting regular, annual, or special Membership meetings, including notification to the Membership of the proposed agenda, location, and date of the meeting.

Section 3. The Board shall adopt proper procedures for conducting and annual or special Membership meeting; adopt a specific proxy form to be used in conducting and annual or special Membership meeting; procedures for proper notification of the Membership meeting and delivery of the Corporations' proxy form to the Membership; determine, qualify, and register the eligible voters for such meeting meetings.

ARTICLE XII

A special meeting of Directors may be held upon reasonable notice to each Director, either written or oral. 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. Such notice shall specify the time, place and purpose of the meeting, and shall be provided by one of the following methods: (i) mailed to each of the Members at their address last known to the Corporation; (ii) personally delivered to each Member; (iii) electronically posted or (iv) sent by email or other electronic transmission to each Member. Emergency meetings of the Directors may be held on rare occasions and only when clearly authorized by the Texas Open Meetings Act. Notice of such emergency meeting shall be provided under Article V of the Bylaws and the Texas Open Meetings Act, at least two 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 order for Blocker Crossroads WSC to have a continuity of functions during a disaster or catastrophe, a quorum as defined in Article VI will not be required for the Board of Directors to meet and act if (1) the CCN area of BCWSC is located in the area of a disaster as declared by the President of the United States or the Governor of the State of Texas, and (2) it has been determined by three or more members of the Board of Directors of the Corporation that, after making a reasonable effort, a majority of the Board members are unable to be present at a Board meeting as a result of the disaster. During a disaster or catastrophe as defined above, the Board shall have the ability to meet and act with at least three Directors constituting a quorum. Notice of such Board meeting shall be posted as required by the Texas Open Meetings Act.

ARTICLE XIII

The Board may employ a manager to handle the business of the Corporation under the direction of the Board who reports to the Secretary/Treasurer. The Board shall set the salary for the manager. The Manager, with the Approval of the Board of Directors, may, employ, such supervisory, clerical, or other employee as may be required to effectively operate the business of the Corporation.

ARTICLE XIV

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 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 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 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 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 service 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 XVI

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

ARTICLE XVII

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 TWDB, 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 or TWDB.

ARTICLE XVIII

Section 1. 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 and/or sewer 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 or as may be required by USDA Rural Development, RUS, or TWDB so that the sum of such assessments and the amount collected from water and/or sewer and other charges is sufficient to fully pay all costs of operation, maintenance, replacement and repayment on indebtedness for the year's operations, but this provision shall not operate for the benefit of any third party creditor other than USDA Rural Development, RUS, or TWDB without a favorable vote of the majority of the Members. Any assessments levied to make up operations deficits in any year shall be levied against Members in proportion to their patronage with the Corporation.

Section 2. In the event a Member should surrender their Membership certificate properly endorsed by the Secretary-Treasurer of the Corporation, the obligation to pay such assessments shall be limited to assessments made and levied prior to the date of surrender of the Membership certificate provided,

however, that this paragraph and the second sentence of Article XIV shall not apply to relieve a Member of their obligation under special arrangements covering Multiple Membership certificates held by one Member which may have been required or approved by the USDA Rural Development, RUS or TWDB.

ARTICLE XIX

The Corporation shall keep correct and complete books and records of account and shall keep minutes of the proceedings of its Membership Meetings and Board of Directors meetings 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. 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 statement of functional expenses, and balance sheets for all funds or such financial reports as required by USDA Rural Development, RUS or TWDB. Such report shall be approved by the Board of Directors. In the event of any conflict between the provisions of the Open Record Public Information Act and the provisions of the Bylaws, the provisions of the Public Information Act shall prevail.

ARTICLE XX

These Bylaws may be altered, amended, or repealed by a vote of a majority of the Board of Directors at any regular meeting of the Members, or at any special meeting called for that purpose, except that the Board of Directors 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 Bylaws as to effect a fundamental change in the intents and purposes of the Corporation.

ARTICLE XXI

The seal of the Corporation shall consist of a circle within which shall be inscribed "BLOCKER CROSSROADS WATER SUPPLY CORPORATION."

ARTICLE XXII

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.

ARTICLE XXIII

The above Bylaws were adopted as amended by the Board of Directors of the Blocker Crossroads Water Supply Corporation, at a meeting held on the 25th day April, 2016.