

BYLAWS
OF
RUBY RANCH WATER SUPPLY CORPORATION

Bylaws of Ruby Ranch Water Supply Corporation (the “Corporation”), having been presented to the Board of Directors (the “Directors”) of the Corporation and duly adopted as follows:

ARTICLE I.

PRESIDENT

The President shall preside at all meetings of the members of the Corporation (the “Members”) and all meetings of the Directors. The President may, and upon demand of one-third (1/3) of the Members shall, call a special meeting of the Members or Directors, and the President may, and shall upon demand of one-third (1/3) of such Directors, call a special meeting of the Directors or Members. Such special meetings shall be held upon giving the notice required in Article VI of the bylaws. The President shall perform all other duties that usually pertain to the office or are delegated to the President by the 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

The Secretary shall keep regular books and shall keep minutes of all meetings of Members and Directors.

ARTICLE IV.

TREASURER

The Treasurer shall have the custody of all the monies and securities of the Corporation. All monies of the Corporation shall be deposited by the Treasurer in such depository as shall be selected by the Directors. The Directors may appoint an employee as assistant or deputy treasurer to assist the Treasurer in all official duties. The position of the treasurer and other positions entrusted with

receipt and disbursement of funds shall, at the discretion of the directors, be placed under a fidelity bond in an amount which shall be set from time to time by the Directors.

ARTICLE V.

BOARD OF DIRECTORS

The Directors shall consist of a minimum of five (5) Directors, a majority of whom shall constitute a quorum. Upon issuance of the Charter and annually thereafter immediately following the annual meeting of the Members, the Directors shall elect a President, a Vice-President, a Secretary, and a Treasurer. Until a Members' meeting provided for in Article IX of the bylaws is called and held, any vacancies in the Directors shall be filled by a majority vote of the then remaining Members of the Directors in attendance at a duly called meeting of the Directors. The Directors shall serve for two (2) year terms, where three (3) of the seven (7) Directors shall be elected at the Annual Meeting of the Membership in odd numbered years and the remaining four (4) Directors shall be elected at the Annual Meeting of the Membership in even numbered years; provided, however, that at the 2009 Annual Meeting of the Membership, five (5) Directors shall be elected and the term of two (2) of the Directors shall only last for one (1) year. The Directors shall be elected by the Members at the annual meeting of the Members as provided in Article IX below.

ARTICLE VI.

MEETINGS OF DIRECTORS

Meetings of the Directors shall be held at such time and place as the Directors may determine at the previous meeting. No further notice to the Directors of such meetings shall be required, and it shall be the duty of each Director to attend the same without further notice. In addition to meetings scheduled at prior meetings of the Directors, special meetings of the Directors may be held upon reasonable notice, either written or oral, and there shall be an annual meeting of the Directors immediately following the annual meeting of the Members.

ARTICLE VII.

MEMBERSHIP

Section A. Each owner of a lot in any Phase of Ruby Ranch Subdivision ("lot") that is within the certificated service area of the Corporation shall automatically become, and must remain, a Member of the Corporation during such owner's period of ownership of such lot; and membership will appurtenant to and may not be separated from ownership of a lot. A member as used herein shall be deemed to mean all of the collective owners of a lot. The membership in the Corporation shall terminate automatically whenever the Member ceases to be an owner of a lot, except that such termination shall not release or relieve any such Member from any liability or obligation incurred under or in any way connected with the Corporation during the period of ownership, nor impair any rights or remedies which the Corporation or any other owner has with regard to such former Member. Membership in the Corporation 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 persons desiring service to the extent that the capabilities of the system will reasonably permit.

Section B. Subject to the provisions set forth below, each Member shall be entitled to one connection to the water main of the Corporation and shall be entitled to cast one (1) vote, and only one, at all meetings of Members of the Corporation. The Association shall have two (2) classes of voting membership: (a) CLASS A, which shall be all Members with exception of TWC Enterprises, Inc. (the “Declarant”); and (b) CLASS B, which shall be the Declarant.

Section C. Notwithstanding anything to the contrary, the provisions in this Section C shall control. After the Transfer Date (defined below), Declarant shall also become a Class A Member to the extent Declarant is the owner of a lot or lots. The Class B membership of Declarant shall cease and become converted to Class A membership upon the transfer of the water system pursuant to that certain Agreement For Conveyance And Transfer Of Water System dated September 15, 1997, (the “Transfer Date”). Until the Transfer Date, the Class A Members shall not be entitled to vote. The Class B Member shall be entitled to one (1) vote for each lot that it owns. From and after the Transfer Date, each Class A Member shall be entitled to one (1) vote, regardless of the number of memberships held by the person.

ARTICLE VIII.

MEMBERSHIP DETERMINATION

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, Members shall be deemed to be those Members who are the record owners of a lot or lots as shown on the membership book of the Corporation the day prior to the date upon which the action requiring such determination is to be taken.

ARTICLE IX.

MEETINGS OF THE MEMBERS

After the Transfer Date, there shall be a regular meeting of the members annually, between January 1 and May 1 of each year to transact all business that may be properly brought before it. The Secretary or the Treasurer shall give written notice of such annual meeting to each Member. Prior to any special meeting of the membership, the President shall request in writing that the Secretary or Treasurer provide written notice of such meeting to each Member. Notice for any meeting of the membership shall be provided at least ten (10) days in advance, indicating the time, place, and purpose of such meeting, and shall be mailed to each Member at the address last known to the Corporation. The Board of Directors shall adopt written procedures for conducting annual or special membership meetings, including, but not limited to, holding elections, voting, and determining a quorum for the transaction of business at such meetings. The Board of Directors shall update these procedures as needed to ensure compliance with all laws applicable to a water supply corporation. In particular, voting by proxy shall not be permitted at any meeting of the membership.

ARTICLE X.

NONPROFIT CORPORATION

The Corporation shall conduct its business on a nonprofit basis, and no Director shall ever be paid for acting in his or her capacity as a Director of the Corporation.

ARTICLE XI.

BANK ACCOUNT

The Directors of the Corporation shall select, establish and maintain an account in a bank within the State of Texas, insured with the Federal Deposit Insurance Corporation. The Directors shall have the authority to allocate to a sinking fund such amount of the annual profits as they deem necessary for maintenance, upkeep, operation and replacement.

ARTICLE XII.

MANAGEMENT

The business of the Corporation may be handled under the direction of the Directors. The Directors may employ such supervisory, clerical or other employees or contractors as may be required to operate effectively the business of the Corporation.

ARTICLE XIII.

WATER SERVICE

All Members will be billed and disconnected or reconnected to the Corporation's water system in accordance with the written policies of the Corporation. In the event a Member requests that such Member's water service be discontinued, the obligation to pay for water service shall terminate except as for the minimum charge for the current month or the charge for water used during the current month, whichever is greater, 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 interests in the assets of the Corporation will be forfeited.

ARTICLE XIV.

FISCAL YEAR/AUDIT

The fiscal year of the Corporation shall be determined by the Directors. Upon a majority vote of the Members, the Directors shall order an audit of the books and accounts of the Corporation. The reports prepared by such auditor shall be submitted to the Members at the annual meeting of the Members.

ARTICLE XV.

ASSESSMENTS

If at the end of any fiscal year or in the event of emergency repairs the Directors determine 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 Directors shall make and levy an assessment against each Member of the Corporation as the Directors may determine, so that the sum of such assessments and the amount collected from water and other charges is sufficient to pay fully 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 without a favorable vote of the majority of the Members. Any assessments levied to make up operational deficits in any year shall be levied against Members in proportion to the number of water connections owned by the Members.

ARTICLE XVI.

AMENDMENT OF BYLAWS

These Bylaws may be altered, amended or repealed by a vote of two-thirds (2/3) of all votes properly cast at any meeting of the membership.

ARTICLE XVII.

NO SEAL

The Corporation shall have no seal.

ARTICLE XVIII.

INDEMNITY

The Corporation shall indemnify and hold harmless the Directors, officers, former Directors and former officers against any liability asserted against any such person and incurred by any such person in his or her capacity as an officer or Director of the Corporation and arising out of his or her status as an officer or Director of the Corporation to the full extent permitted by law, including, without limitation, the Texas Non-Profit Corporation Act.

ARTICLE XIX.

DISSOLUTION

On dissolution of the corporation the assets of the corporation remaining after discharge of the corporation's indebtedness shall be transferred to an entity that provides a water supply or wastewater service, or both, that is exempt from ad valorem taxation. This provision is included herein for the purpose of entitling the corporation to an exemption from taxation of property that the corporation owns and that is reasonably necessary for and used in the operation of the corporation: (1) to acquire, treat, store, transport, sell, or distribute water; or (2) to provide wastewater service; as provided for in Section 11.30 of the Texas Property Tax Code.

CERTIFICATE OF SECRETARY

I certify that I was duly elected by the Board of Directors of the Ruby Ranch Water Supply Corporation to act as the Secretary for the Meeting of the Members of the Corporation held on April 24, 2012, and that the foregoing Bylaws constitute the Bylaws of such Corporation as were duly approved and adopted by the Members at such Meeting.

Dated: April 24, 2012

Steve Selger, Secretary