

OFFICE OF THE SECRETARY OF STATE

CERTIFICATE OF INCORPORATION
OF

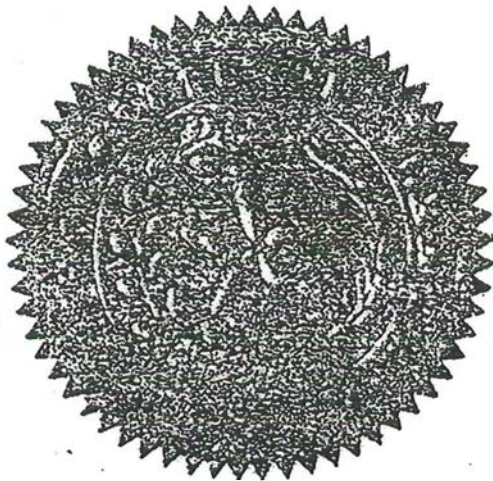
FRIO COMMUNITIES IMPROVEMENT ASSOCIATION, INC.

The undersigned, as Secretary of State of the State of Texas, hereby certifies that duplicate originals of Articles of Incorporation for the above corporation duly signed and verified pursuant to the provisions of the Texas Non-Profit Corporation Act, have been received in this office and are found to conform to law.

ACCORDINGLY the undersigned, as such Secretary of State, and by virtue of the authority vested in him by law, hereby issues this Certificate of Incorporation and attaches hereto a duplicate original of the Articles of Incorporation.

Dated JULY 14, 19 72....


Secretary of State





The State of Texas

Secretary of State

CERTIFICATE OF INCORPORATION

OF

TWIN FORKS WATER SUPPLY CORPORATION
CHARTER NUMBER 01459726

THE UNDERSIGNED, AS SECRETARY OF STATE OF THE STATE OF TEXAS, HEREBY CERTIFIES THAT THE ATTACHED ARTICLES OF INCORPORATION FOR THE ABOVE NAMED CORPORATION HAVE BEEN RECEIVED IN THIS OFFICE AND ARE FOUND TO CONFORM TO LAW.

ACCORDINGLY, THE UNDERSIGNED, AS SECRETARY OF STATE, AND BY VIRTUE OF THE AUTHORITY VESTED IN THE SECRETARY BY LAW, HEREBY ISSUES THIS CERTIFICATE OF INCORPORATION.

ISSUANCE OF THIS CERTIFICATE OF INCORPORATION DOES NOT AUTHORIZE THE USE OF A CORPORATE NAME IN THIS STATE IN VIOLATION OF THE RIGHTS OF ANOTHER UNDER THE FEDERAL TRADEMARK ACT OF 1946, THE TEXAS TRADEMARK LAW, THE ASSUMED BUSINESS OR PROFESSIONAL NAME ACT OR THE COMMON LAW.

DATED SEP. 5, 1997

EFFECTIVE SEP. 5, 1997




Antonio O. Garza, Jr., Secretary of State

ARTICLES OF INCORPORATION

OF

TWIN FORKS WATER SUPPLY CORPORATION

THE STATE OF TEXAS

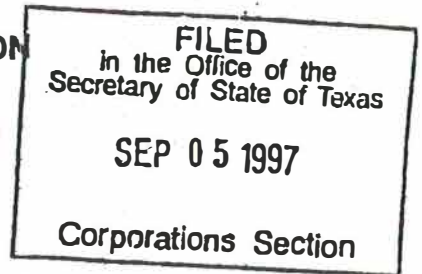
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COUNTY OF REAL

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KNOW ALL MEN BY THESE PRESENTS:



We, the undersigned natural persons of the age of twenty-one (21) years or more, at least three of whom are citizens of the State of Texas, acting as incorporators of a Corporation, do hereby adopt the following Articles of Incorporation for such Corporation:

ARTICLE 1

The name of the Corporation is TWIN FORKS WATER SUPPLY CORPORATION.

ARTICLE 2

The Corporation is a non-profit Corporation organized under Article 1434 a of the Revised Civil Statutes of Texas of 1925, as amended, supplemented by the Texas Non-Profit Corporation Act, Article 1.01 et seq., as amended, and is authorized to exercise all powers, privileges and rights conferred on a Corporation by these Acts, and all powers and rights incidental in carrying out the purposes for which the Corporation is formed, except such as are inconsistent with the express provisions of these Acts.

ARTICLE 3

The period of its duration is perpetual.

ARTICLE 4

The Corporation is formed for the purpose of furnishing a water supply for general farm use and domestic purposes to individuals residing in the rural community of Twin Forks subdivision of Leakey, Texas. The places where the business of the Corporation is to be transacted shall be the Twin Forks Community in Leakey, Texas.

ARTICLE 5

The street address of the initial registered office of the Corporation is Lot 50, Twin Forks Estates, Leakey, Texas, and the name of its initial registered agent at such address is Alan Stewart.

IN WITNESS WHEREOF, we have hereunto set our hands, this the 13th day of August, 1997.

Glenn Bradley
Glenn Bradley

Gertrude Lynn Florence
Gertrude Lynn Florence

Alan Stewart
Alan Stewart

Carol Rubio
Carol Rubio

Bill Holbrook
Bill Holbrook

THE STATE OF TEXAS §
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COUNTY OF REAL §

I, Howard Cole, a Notary Public, do hereby certify that on this 13th day of August, 1997 personally appeared before me, Glenn Bradley, Gertrude Lynn Florence, Bill Holbrook, Carol Rubio and Alan Stewart who each being by me first duly sworn, severally declared that they are the persons who signed the foregoing document as incorporators, and that the statements therein contained are true.

In witness whereof, I have hereunto set my hand and seal.

Howard Cole
Notary Public

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Report*

TWIN FORKS WATER SUPPLY CORPORATION

PO BOX 248

Leakey, Texas 78873

(830) 232-6339

September 6, 1998

TNRCC
PO Box 13087
Austin, Texas 78711-3087
MC 153

Attention: Mr. Doug Holcomb (Mr. Albert Holck)
Water Utilities Division (512)239-6960

RE: Twin Forks Water Supply Corporation
TNRCC ID#1930007 Howard Cole Water Plant and the
Twin Forks Distribution System

Dear Sir:

Enclosed please find the Charter and the Articles of Incorporation for Twin Forks Water Supply Corporation (TWF), the owner of the Howard Cole Water Plant and the Twin Forks distribution system.


The attached articles describe TFW as a non-profit corporation formed under the auspices of the Texas Non-Profit Corporation Act and being operated under Article 1434a of the Title 32 Corporations Act.

TFW is a member owned and member operated corporation. No dividends have or shall be paid upon the stock. The stock is solely dependent upon lot ownership in the subdivision locally known as Twin Fork, Leakey, Texas. One lot provides on membership share.

We appreciate Mr. Holck's assistance in accomplishing our proper corporate procedures.

At this time we would like to be removed from your files as a utility requiring your rate control.

Yours very truly,
TWIN FORKS WATER SUPPLY CORPORATION


Alan R. Stewart
President

By-Laws of Twin Forks Water Supply Corporation-1

BY-LAWS
TWIN FORKS WATER SUPPLY CORPORATION

By-Laws of the TWIN FORKS 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 at all Member' and Directors' meetings. The President may, and upon demand of one-third (1/3) of the Members, shall call a special meeting of the Members or Directors. Such special meetings shall be held upon giving the notice required in Article X 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

Section 1. The Treasurer shall have the custody of all monies and securities of the Corporation. The Treasurer shall keep regular books. All monies of the Corporation shall be deposited by the Treasurer in such depository as shall be selected by the Directors. Checks must be signed by the Treasurer and any other Officer or Board member of the Corporation. The Treasurer shall have custody of the seal of the Corporation and affix it as directed hereby or by resolution passed by the Board of Directors or Members. The Board of Directors may appoint an employee as assistant or deputy Treasurer to assist the Treasurer in all official duties pertaining to the office of Treasurer.

Section 2. The Secretary shall keep minutes of all meetings of members and the Board of Directors. The Board of Directors may appoint an employee as assistant or deputy Secretary to assist the Secretary in all official duties pertaining to the office of Secretary.

ARTICLE IV

Section 1. The Board of Directors shall consist of 5 Directors, a majority of whom shall constitute a quorum. Prior to August 1st of each year but following the annual Members' meeting, the Board of Directors shall elect a President, a Vice-President, a Treasurer, and a Secretary. An annual membership meeting shall be held each year to replace retiring directors and conduct such other business as shall be presented in order. The Directors shall be elected by the Members at the Members' regular meeting provided for in Article XII of the By-Laws. The Board of Directors shall be in number and term and the same as the Board of Directors of F.C.I.A. Inc.

Upon the death or resignation of a Director, a successor shall be elected by a majority of the existing Directors to serve until the next annual 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. 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 of the Corporation. If presented by a

By-Laws of Twin Forks Water Supply Corporation - 2

Member, the charges must be accompanied by a petition signed by at least ten (10) 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) or Officer (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. 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.

Section 3. The President of the Board or his designee shall preside at any meeting of the Members convened to consider removal of an Officer or 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 their number to preside over the meeting.

ARTICLE V

Section 1. Regular meetings of the Board of Directors shall be held at such time and place as the Board may determine at the next previous regular meeting, and shall include posting of the meeting as required by the Texas Open Meetings Act, Article 6252-17, Tex. Rev. Civ. Statue, and by posting such notice in a place readily convenient to the public in its administrative office at all times for at least seventy-two (72) hours preceding the scheduled time of the meeting. Such notice shall specify the date, hour, place and subject of each meeting held by the Board of Directors.

Section 2. Any Director failing to attend two (2) consecutive regular monthly 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 elected 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. If the removal of a Director pursuant to this Section 2 occurs at an annual Membership meeting, then the successor shall be elected by a majority vote of the Membership in attendance at the meeting.

Section 3. The Board of Directors shall provide access for the public, new water service applicants, or Members to the regular monthly meetings of the Board of Directors by setting aside a time for hearing or suggestions, proposals, or grievances. The Board of Directors shall establish reasonable rules for access to such meetings.

Section 4. The Board of Directors shall ensure that all meetings comply with the requirements of the open Meetings Act, Article 6252-17, Tex. Rev. Civ. Stat., including any subsequent amendment thereto. In the event of any conflict between the provisions of these By-Laws and the requirements of the Open Meeting Act, the provision of the Open Meeting Act shall prevail.

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 contributed to a sinking fund to be used for the purpose of serving debt and/or

maintaining the integrity of the water system.

ARTICLE VII

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 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, creed, citizenship 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 2. 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 transfer 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.

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 such 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.

ARTICLE VIII

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 a Lot (land) shall be deemed to be vested in those persons who are the record owners of said lot as evidenced by the Membership transfer list 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 Lot from mortgaging such Lot, 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 IX

Section 1. There shall be a regular meeting of the Members annually in conjunction with F.C.I.A. Inc. to transact all business that may be properly brought before it. The Secretary shall give at least fifteen (15) 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. Voting by proxy shall not be permitted. Members holding ten percent (10%) of the votes entitled to be cast, represented in person shall constitute a quorum for the transactions of business.

ARTICLE X

Special emergency meetings of the Directors may be held upon the posting of notice of such special meeting, in the manner provided under Article V of the By-Laws, at least two hours before the meeting is convened. It shall be the responsibility of the President or his designee to ensure that proper notice is posted. 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 receiving at least seventy-two (72) hours notice as provided under Article V of these By-laws.

Prior to convening any special meeting of the Members, the President shall request, in writing, that the Secretary give at least ten (10) days prior notice to the Members, and that such special meeting is otherwise noticed as provided under Article V of these By-Laws. Such notice shall specify the time, place, and purpose of the meeting, and shall be addressed and mailed out to each of the Members at their address last known to the Corporation.

ARTICLE XI

The Business of the Corporation shall be handled under the Direction of the Board of Directors.

ARTICLE XII

Notwithstanding the ownership of a Lot (Land), 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 sell his Lot 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.

ARTICLE XIII

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 revert to F.C.I.A. Inc.

ARTICLE XIV

The fiscal year of Twin Forks Water Supply Corporation shall be May 1st to April 30th of each year.

ARTICLE XV

Section 1. If at the end of the fiscal year, or in the event of serious 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, so that the sum of such assessments and the amount collected from water 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 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 all Members in the Corporation.

Section 2. In the event a Member should sell his lot, the obligation to pay such assessments shall be limited to assessments made and levied prior to the date of sale.

ARTICLE XVI

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 principle 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. Such report shall be approved by the Board of Directors.

With prior written request, corporate records, books, and annual reports, subject to exceptions provided by the Open Records Act, Article 6252-13a, Tex. Rev. Civ. Stat., including any amendments thereto shall be available for inspection by Members of the Corporation and F.C.I.A. Inc., and copying during normal business hours subject to a reasonable charge for the preparations of copies.

The event of any conflict between the provisions of the Open records Act and provisions of these By-Laws, the provision of the Open Records Act shall prevail.

ARTICLE VXII

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 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 fundaments 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 least ten (10) days before such meeting and must set forth the amendments to be considered.

ARTICLE XVIII

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

ARTICLE XIX

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

ARTICLE XX

The above By-Laws and regulations were unanimously adopted by the Board of Directors of F.C.I.A., Inc. and of the Twin Forks Water Supply Corporations, at a meeting in Twin Forks on the 6th day of September A.D. 1998.

By: 
Glenn Bradley
Secretary

By-Laws of Twin Forks Water Supply Corporation - 6

IN WITNESS WHEREOF, we have hereunto set our hands, this the 6th day of September, 1998.

Glenn Bradley
Glenn Bradley

Gertrude Lynn Florence

Carol Rubio
Carol

Bob Baragar
Bob Baragar

Alan Stewart
Alan Stewart

THE STATE OF TEXAS ()

COUNTY OF REAL ()

I, Howard Cole, a Notary Public, do hereby certify that on the 6th day of September, 1998 personally appeared before me Glenn Bradley, Gertrude Lynn Florence, Carol Rubio, Bob Baragar, and Alan Stewart who each being by me first duly sworn, severally declared that they are the persons who signed the foregoing document as incorporators and Board of Directors, and that the statements therein contained are true.

In witness whereof, I have hereunto set my hand and seal.

Howard W. Cole
Notary Public

