

**BY-LAWS
OF
OKTOC COMMUNITY WATER ASSOCIATION, INC.**

**ARTICLE I
GENERAL PURPOSES**

The purpose for which this corporation is formed, and the powers which it may exercise are set forth in the Articles of Incorporation of the corporation.

**ARTICLE II
NAME AND LOCATION**

SECTION 1. The name of this corporation is the Oktoc Community Water Association, Inc.

SECTION 2. The principal office of this corporation shall be located in the community of Oktoc, County of Oktibbeha, State of Mississippi at the Oktoc Community Water Association Well House, at 2112 Poor House Road, Starkville, Mississippi 39759

**ARTICLE III
SEAL**

SECTION 1. The corporation shall have an appropriate seal sufficient to comply with the laws of the State of Mississippi which shall be used by causing it to be impressed or affixed or reproduced or otherwise.

SECTION 2. The seal shall be secured in the Well House, the principal office of Oktoc Community Water Association.

**ARTICLE IV
FISCAL YEAR**

The fiscal year of the corporation shall begin on the 1st day of July of each year.

**ARTICLE V
MEMBERSHIP**

SECTION 1. The holders of Membership and Water User Agreements of this corporation are its members. Any bona fide occupant of a farmstead or rural residence having reasonable accessibility to the source of and who is in need of having water supplied for domestic, livestock, and garden purposes from the water system operated by the corporation and who received the approval of the Board of Directors may be admitted to membership by signing such agreement for the purchase of water as may be provided and required by the corporation; provided

that no person otherwise eligible shall be permitted to subscribe for or acquire a membership of the corporation if the capacity of the corporation's water systems is exhausted by the needs of its existing members. The membership fee shall be established by the Board of Directors as provided in Article XI, Section 6 and specified on the Membership and Water User Agreement.

SECTION 2. In case of the death of a member or if a member ceases to be eligible to hold membership as provided in Section 1, or willfully fails to comply with these by-laws and other requirements, or willfully obstructs the purposes and proper activities of the corporation, the corporation, through the Board of Directors, may elect to terminate the membership. The member shall be given written notice of the member's termination of membership not less than fifteen (15) days prior to the effective date of termination. The written notice shall grant the member an opportunity to be heard by the board, orally or in writing, not less than five (5) days prior to the effective date of termination. Any proceeding challenging an expulsion, suspension, or termination, including a proceeding in which defective notice is alleged, must be commenced within one (1) year after the effective date of the expulsion, suspension, or termination.

ARTICLE VI

MEMBERSHIP AND WATER USER AGREEMENT

SECTION 1. This corporation shall have capital stock. Membership in the corporation shall be represented by Membership and Water User Agreement (hereafter known as Agreement). Such Agreements shall only represent the right to use and enjoy the benefits of the corporation's water supply system upon the further payment of reasonable charges based upon such use.

SECTION 2. The Agreements shall be issued to each holder of fully paid membership, numbered consecutively in accordance with the order of issue, and bear on its face the following statements:

a. This Agreement is issued and accepted in accordance with and subject to the conditions and restrictions stipulated in the Articles of Incorporation, the By-Laws, and amendments of the same of the Oktoc Community Water Association, Inc.

b. Each Agreement entitles one vote at meetings of the membership. Every member agrees to sign such Agreement for the purchase of water from the corporation as may be provided and required by the corporation.

c. Agreements shall not be transferable. (see Article XI)

SECTION 3. The Agreement shall be cancelled upon the death of a member, on in case membership in the corporation is terminated for any other cause as provided in the By-Laws. Such loss of membership by death of otherwise shall terminate all interest of such member in the corporation's assets. Upon the death of a member and cancellation of the deceased's Agreement, the beneficiary as defined by law, desiring to continue such membership, shall be entitled to the benefits of such deceased's membership.

ARTICLE VII
MEETING OF MEMBERS

SECTION 1. The annual meeting of the members of this corporation shall be held at the principal office of the corporation as it may exist at 6 o'clock p.m., on the first Monday in October of each year, if not a legal holiday, or if a legal holiday on the next business day following unless under a state or federal executive order not permitting such meeting. The place, day, and time of the annual meeting may be changed to any other convenient place, day, and time in the county by the Board of Directors giving notice thereof to each member not less than ten (10) days in advance thereof. The annual or regular board meeting may be held by means of the internet or other electronic communication technology to which members have the opportunity to read or hear the proceedings substantially concurrently with their occurrence, vote on matters submitted to the members, pose questions, and make comments.

SECTION 2. Special meetings of the membership may be called at any time by the action of the Board of Directors. Special meetings can also be called whenever a petition requesting such meetings is signed by at least ten percent (10%) of the membership and presented to the Board of Directors for signature verification. The purpose of every special meeting shall be stated in the notice. No other business shall be transacted thereat except such as is specified in the notice.

SECTION 3. Notice of an annual or special meeting of the membership of the corporation shall be given by notice to each member of record, directed to the address shown upon the books of the corporation, at least ten (10) days but not more than sixty (60) days prior to the meeting. The notice shall state any matter a member intends to raise at the meeting if requested in writing to do so by a person entitled to call a special meeting and the request is received by the Board of Directors of the corporation at least ten (10) days before the corporation gives notice of the meeting. Failure or irregularity of notice of any annual meeting, regularly held, shall not affect any proceeding taken thereat.

SECTION 4. The members present at any membership meeting shall constitute a quorum of the corporation for the transaction of business. Unless one-third (1/3) or more of the voting power is present, the only matters that may be voted on at an annual

meeting are those described in the meeting notice. Cumulative voting is not authorized. The voting powers of members of this corporation shall be equal, each holder of Agreement or single member of that household shall have only one vote. Voting by proxy shall not be allowed.

SECTION 5. Directors of this corporation shall be elected at the annual meeting of the membership. In the event of an emergency and an annual meeting cannot be held, the current board members will serve until at which time an annual meeting can be held.

SECTION 6. The order of business at the regular meetings and so far as possible at all other meetings shall be:

1. Calling to order and proof of quorum (as referred in Section 4).
2. Proof of notice of meeting
3. Reading and action of any unapproved minutes
4. Reports of officers and committees
5. New Business
6. Unfinished Business
7. Election of Directors and certification of results
8. Adjournment

ARTICLE VIII

DIRECTORS AND OFFICERS

SECTION 1. The Board of Directors of this corporation shall consist of an odd number members, all of whom shall be members of the corporation. Directors shall be elected for three-year (3-year) terms and shall serve until their successors shall be elected and qualified in accordance with these By-Laws. If necessary, due to a merger or growth of the association, the number of board members can be increased by a vote at the annual meeting.

SECTION 2. The Board of Directors shall meet within ten (10) days after the annual election of Directors and shall elect, by ballot, a president, vice-president, and treasurer from among themselves and a secretary, each of whom shall hold office until the next annual meeting and until the election and qualification of the successor unless sooner removed by death, resignation, or for cause.

SECTION 3. If the office of any director becomes vacant by reason of death, resignation, retirement, disqualification or otherwise, except by removal from office, a majority of the remaining directors, though less than a quorum shall, by a majority vote, choose a successor. The successor shall hold office until the next regular meeting of the membership of the corporation, at which time the members shall

elect a director for the unexpired term or terms, provided that in the call for such regular meeting, a notice of such election shall be given.

SECTION 4. A majority of the Board of Directors shall constitute a quorum at any meeting of the board. The affirmative vote of the majority of the directors at a meeting at which a quorum is present shall be the act of the board.

SECTION 5. Directors shall receive no compensation for the services as such.

SECTION 6. The number of required meetings of the Board of Director shall be four (4) meetings per year. Other meetings during the year can be held at the discretion of the board.

SECTION 7. Officers and Directors may be removed from office in the following manner:

a. Lack of Attendance: The minutes of the meetings of the Board of Directors shall reflect the names of the Directors attending the meetings. The Board of Directors may, at the first meeting following the expiration of the twelve (12) months remove any Director who fails to attend fifty percent (50%) of the four (4) required meetings of the Board of Directors within a twelve (12) month period (October, January, April, July). The minutes of the meeting at which the Director is removed shall reflect the dates of the meetings missed by the Director during the preceding twelve months and that the Director is removed for such reason. The motion to remove the Director shall also provide for the appointment of another director to fill the vacancy so created.

b. Charges Against a Director: Any member, officer, or Director may present charges against a director or officer by filing them in writing with the Board of Directors. If presented by a member, the charges must be accompanied by a petition signed by ten percent (10%) of the membership of the corporation with signatures being verified by the Board of Directors. 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 a majority of the members present and voting. The Director or officer against whom such charges have been presented shall be informed, in writing, of such charges five (5) 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. The person or persons presenting such charges against the accused Director or officer shall have the same opportunity. If removal of a Director is approved, such action shall also vacate any other office held by the removed Director in the corporation.

c. A vacancy in the Board of Directors thus created shall immediately be filled by the Directors from among their numbers so constituted after the vacancy in the board has been filled.

ARTICLE IX
DUTIES OF DIRECTORS

SECTION 1. Each Director shall receive such training from an approved training entity as may be required from time to time by statute or applicable regulatory authority.

SECTION 2. The Board of Directors, subject to restrictions of law, the Articles of Incorporation, or by these By-Laws, shall exercise all the powers of the corporation, and, without prejudice to or limitations upon their general powers, it is hereby expressly provided that the Board of Directors shall have, and are hereby given, full power and authority (to be exercised by resolution duly adopted by the Board) in respect to the matters and as hereinafter set forth:

a. To review membership applications and to permit the connection of properties to the system in the future in cases involving proposed construction or may issue such Agreements prior to commencement of the proposed construction.

b. To select and appoint all officers, agents, contractors, or employees to the corporation, to remove such agents or employees of the corporation for just cause, prescribe such duties and designate such powers as may be consistent with these By-Laws, fix their compensation and pay for faithful service.

c. To borrow from any source money, goods, services, and to make and issue notes and other negotiable and transferable instruments, mortgages, deeds of trust and trust agreements and to do every act and thing necessary to effectuate the same.

d. To prescribe, adopt, and amend, from time to time such equitable uniform rules and regulations as, in the discretion of the Board of Directors, may be deemed essential or convenient for the conduct of the business and affairs of the corporation and the guidance and control of its officers and employees, and to prescribe adequate penalties for the breach thereof.

e. To order, at least once each year, an audit of the books and accounts of the corporation by a competent public auditor or accountant. The report prepared by such auditor or accountant shall be submitted to the

membership of the corporation at the annual meeting. Copies of such audits and budgets shall be submitted to such parties as may be required by other agreements.

f. To fix and alter the charges to be paid by each member for services rendered by the corporation to the member, including connection or reconnection fees where such are deemed to be necessary by the Directors, and to fix and alter the method of billing, the time of payment and the manner of connection and penalties for late or nonpayment of the same. The Board may establish one or more classes of users. All charges shall be uniform and non-discriminating within each class of users.

g. To require all officers, agents, and employees charged with responsibility for custody of any of the funds of the corporation to give adequate bonds, the cost thereof to be paid by the corporation, and it shall be mandatory upon the Directors to so require.

h. To select one or more banks to act as depositories of the funds of the corporation and to determine the manner of receiving, depositing, and disbursing the funds of the corporation; to determine the forms of checks and the person or persons by whom the same shall be signed; to hold the power to change such banks and the form thereof at will.

i. To levy assessments against members of the corporation in such a manner and upon such proportionate basis as the directors deem equitable, and to enforce collection of such assessments by the suspension of water service or other legal methods. Directors shall have the option to suspend the service of any member who has not paid such assessment within thirty (30) days from the date the assessment was due, provided the corporation must give the member at least fifteen (15) days written notice at the address of the member on the books of the corporation of its intention to suspend such service if the assessment is not paid. Upon payment of such assessments, any penalties applicable thereto, and a re-connection charge, if one is in effect, service will be promptly restored to such member. There shall be no cut-offs or suspension of service on holidays or Fridays.

SECTION 3. The Board of Directors, in conjunction with the manager, shall adopt an Emergency Response Plan to be reviewed on a yearly basis, updated as necessary.

1. The Emergency Response Plan shall provide special procedures necessary for managing the corporation during times of emergency. The Emergency Response Plan may provide special procedures necessary for managing the corporation during the emergency, including:

- a. How to call a meeting of the Board of Directors
 - b. Quorum requirements for the meeting
 - c. Designations of additional substitute directors
2. All provisions of the regular By-Laws consistent with the Emergency Response Plan remain effective during the emergency. The Emergency Response Plan is not effective after the emergency ends.
3. Corporate action taken in good faith in accordance with the Emergency Response Plan:
 - a. Binds the corporation; and
 - b. May not be used to impose liability on a corporate Director, officer, employee, contractor, or agent.
4. An emergency exists for the purposes of this section if a quorum of the corporation's directors cannot readily be assembled because of some catastrophic event.

ARTICLE X
DUTIES OF OFFICERS

SECTION 1. Duties of the President: The president shall preside over all meetings of the corporation and the Board of Directors and special meetings of the Board of Directors, perform all acts and duties usually performed by an executive and presiding officer, and sign all membership Agreements and such other papers of the corporation as may be authorized or directed to sign by the Board of Directors, provided, the Board of Directors may authorize any person to sign any or all checks, contracts, and other instruments in writing on behalf of the corporation. The president shall perform such other duties as may be prescribed by the Board of Directors.

SECTION 2. Duties of the Vice President: In the absence or disability of the president, the vice president shall perform the duties of the president, provided, however, that in case of death, resignation, or disability of the president, the Board of Directors may declare the office vacant and elect his successor.

SECTION 3. Duties of the Secretary: The secretary shall keep a complete record of all meetings of the corporation and of the Board of Directors. The secretary shall sign all Water User Agreements with the president and such other papers pertaining to the corporation as authorized or directed to do so by the Board of Directors. The secretary shall serve all notices required by law and by these By-Laws and shall make a full report of all matters and business pertaining to the office to the membership at the annual meeting. The secretary shall keep the corporate seal and membership records, records of the corporation, complete and countersign

all Agreements issued, and affix said corporate seal to all papers requiring seal. The secretary shall keep a proper Membership Agreement record, showing the name of each member of the corporation and date of issuance, surrender, cancellation, or forfeiture. The Secretary shall make all reports required by law and shall perform such other duties as may be required by the corporation or the Board of Directors. Upon the election of a successor, the secretary shall turn over all books and other property belonging to the corporation that the secretary may possess.

SECTION 4. Duties of the Treasurer: The treasurer shall have general charge and supervision of the books and records of the corporation. The treasurer shall also perform such duties with respect to the finances of the corporation as may be prescribed by the Board of Directors. Upon the election of a successor, the treasurer shall turn over all books and other property belonging to the corporation that the treasurer may possess.

ARTICLE XI

BENEFITS AND DUTIES OF MEMBERS

Members of the corporation shall be entitled to receive such benefits from the corporation under terms, conditions, rules, and regulations to be promulgated by a vote of the Directors. The Directors shall have the right to prescribe the conditions and purposes for which water may be used, including the right to restrict the amount which any member may use. They also shall have the power to fix the charges for water, to establish acceptable methods and manners of payment, and to prescribe penalties for non-payment. It is expressly understood that the membership fee shall under no circumstances be refundable, but a membership may be transferred to an heir upon the transfer of property, all in accordance with rules and regulations to be formulated by the Board of Directors.

SECTION 1. The corporation will, with the costs thereof paid as provided hereinafter install, maintain and operate a main distribution pipeline or lines from the source of the water supply and service lines from the main distribution pipeline or lines to the property line of each member of the corporation, at which points, designated as delivery points, meters to be purchased, installed, owned, and maintained by the corporation shall be placed. All costs of the installation of main distribution lines and service lines shall be paid by the developer, if the service is to a residential development, or the member, with the exception, however, the corporation shall install a tap to the main distribution line, a meter and no more than ten feet of service line from its main distribution line to provide service to each member. The corporation also may purchase and install a cutoff valve to be owned and maintained by the corporation and to be installed on some portion of the service line owned by the corporation. The corporation shall have the sole and exclusive right to use of such cutoff valve. However, the provisions of this section shall not be construed to require the acquisition or installation of meters or cutoff valves

where the Directors determine under the circumstances of the system and the nature of the membership that the use of either or both devices is impractical, unnecessary to protect the system and the rights of the membership, and/or economically not feasible.

SECTION 2. Each member will be required, at the members expense, to have dug a ditch for the connection of the service line or lines from the property line of the member to member's dwelling or other portion of the member's premises, and to purchase and have installed the portion of the service line or lines from the member's property line to the place of use on the member's premises. The member will maintain such portion of such service line or lines which shall be owned by the member, at the member's own expense. The corporation may, if the Board of Directors so determines, purchase the pipe for and install such portion of such service line or lines, the cost of which will, however, be paid by the individual members. In addition, each member shall pay such connection charge, if any, as may have been imposed by the Board of Directors before such member will be entitled to receive water from the system.

SECTION 3. Each member may be permitted to have additional service lines from the corporation's water system at the discretion of the Board of Directors upon proper application therefore and the tender or payment not to exceed the then existing connection charge. The approval by the Board of Directors of additional service lines to an existing member may be made conditional upon such provisions as the Board of Directors determines necessary to protect the interests of other members and to allow for the orderly expansion and extension of the system. Each service line shall connect with the corporation's water system at the nearest available place to the place of desired use by the member if the corporation's water system has sufficient capacity to permit the delivery of water through a service line at that point without interfering with the delivery of water through a prior service line. If the corporation's water system is inadequate to permit the delivery of water through a service line installed at such a place without interfering with the delivery of water through a prior service line, then such service line shall be installed at such place designated by the corporation.

SECTION 4. Each member may be permitted to purchase from the corporation, pursuant to such agreement as may from time to time be provided and required by the corporation, such water as is needed for domestic, commercial, agricultural, industrial, or other purposes as a member may desire, subject, however, to the provisions of these By-Laws and to such rules and regulations as may be prescribed by the Board of Directors. Each member shall be entitled to have delivered, through the member's service lines, only such water as may be necessary to supply the needs of each member, including the member's family, business, agricultural or industrial requirements. The water delivered through

each service line may be metered separately, irrespective of the number of service lines owned by a member.

SECTION 5. In the event the total water supply shall be insufficient to meet all of the needs of the members or in the event there is a shortage of water, the corporation may prorate the water available among the various members on such basis as is deemed equitable by the Board of Directors, and may also prescribe a schedule of hours covering use of water for commercial, agricultural or industrial purposes by particular members and require adherence thereto or prohibit the use of water for commercial, agricultural or industrial purposes; provided, that if at any time the total water supply shall be insufficient to meet all of the needs of all the members for domestic, livestock, commercial, agricultural or industrial purposes, the corporation must first satisfy all of the reasonable needs of the members for domestic purposes before supplying any water for livestock purposes and must satisfy all of the needs of all the members for domestic and livestock purposes before supplying any water for commercial or industrial purposes; and, provided further, that where a member has more than one service line, the corporation may cut off the flow of water to the nondomestic service lines until such time as the supply of water from the system is sufficient to meet the needs of all the members for domestic and livestock purposes. During such periods of shutoff of additional service lines there shall be no minimum fee charged to the members having such additional service lines and the cost, if any, of resuming the flow of water to such additional service lines shall be borne by the corporation.

SECTION 6. The Board of Directors shall, with the consent of the Rural Utilities Service, so long as it shall either hold any obligations or insure any financing of the system, prior to the beginning of each calendar year, determine the flat minimum monthly rate to be charged each member during the following calendar year for a specified quantity of water, such flat minimum monthly rate to be payable irrespective of whether any water is used by a member during any month, the amount of additional charges, if any, for additional water which may be supplied the members, and the amount of penalty for late payments, and shall fix the date for the payment of such charges. A member to be entitled to the delivery of water shall pay such charges at the office designated by the corporation at or prior to the dates fixed by the Board of Directors. The failure to pay water charges duly imposed shall result in the automatic imposition of the following penalties:

a. Nonpayment within ten (10) days from the due date will be subject to a penalty of ten percent (10%) of the delinquent account, which percent may be charged at the discretion of the Board of Directors.

b. Nonpayment within thirty (30) days from the due date will result in the water being shut off from the member's property without any notice thereof to such delinquent member. Upon the payment by the delinquent

member of past due water charges, penalties thereon and any reconnection charge, such member shall be entitled to resumption of the water supply. These shut-offs shall not happen on a holiday or a Friday. During the time of such suspension of water to a member, such member shall have no right to vote in the affairs of the corporation.

SECTION 7. The Board of Directors shall be authorized to require each member to enter into Membership and Water User Agreements which shall embody the principles set forth in the foregoing provisions of these By-Laws.

ARTICLE XII
DISTRIBUTION OF SURPLUS FUNDS

SECTION 1. If there should be any, then at the end of the fiscal year, after paying the expenses of the corporation for operation and otherwise, and after setting aside reserve for depreciation on all buildings, equipment and office fixtures and such other reserves as the Board of Directors may deem proper and after providing for payments on interest and principal of obligations and amortized debts of the corporation, and after providing for the purchase of proper supplies and equipment, the net earning shall be accumulated in a surplus fund for the purpose of replacing, enlarging, extending, and repairing the system and property of the corporation and for such other purposes as the board of directors may determine to be for the best interest of the corporation.

SECTION 2. Upon dissolution, after paying off all debts and obligations, members and former members will be entitled to receive their equitable share of all the proceeds remaining to the extent practicable as reflected by the records.

ARTICLE XIII
AMENDMENTS

These By-Laws may be repealed or amended by a vote of the 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 so long as any indebtedness is held by or guaranteed by the Rural Utilities Service, the members shall not have the power to change the purposes of the corporation so as to decrease its rights and powers under the laws of the State, or to waive any requirement of bond or other provision for the safety and security of the property and funds of the corporation or its members, or so to amend the By-Laws as to effect a fundamental change in the policies of the corporation without the prior approval of the Rural Utilities Service in writing.

We certify that the foregoing By-Laws were duly adopted by the members on

_____, _____, that the same are in full force and have not been amended.

Given under our hands and the seal of the corporation, the _____ day of

_____, _____.

Secretary

President