BY-LAWS

Of

MC HENRY UTILITY 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 articles of incorporation of the corporation.

ARTICLE II

Name and Location

Section 1. The name of this corporation is the Mc Henry Utility Association, Inc.

Section 2. The principal office of this corporation shall be located in the community of Mc Henry, county of Stone, State of Mississippi, but the corporation may maintain offices and places of business at such other places within or without the state as the board of trustees may determine.

ARTICLE III

Seal

Section 1. The seal of the corporation shall have inscribed thereon the name of the corporation, the year of its organization and the words, "Non-Stock Corporation, Mc Henry Utility Ass'n, Inc."

Section 2. The secretary of the corporation shall have custody of the seal.

Section 3. The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE IV

Fiscal Year

The fiscal year of the corporation shall begin the 1st day of January in each year.

ARTICLE V

Membership

Section 1. The holders of membership certificates 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 receives the approval of the board of trustees may be admitted to membership upon subscribing for or otherwise acquiring a membership certificate and by signing such agreements 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 system is exhausted by the needs of its existing members. The membership fee shall be $5.00.

ARTICLE VI

Membership Certificates

Section 1. This corporation shall not have capital stock and membership in the corporation shall be represented by membership certificates. Such certificates 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 membership certificates 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 membership certificate, No._____, is issued and accepted in accordance with and subject to the conditions and restrictions stipulated in the Articles of Incorporation and By-Laws and amendments to the same of the Mc Henry Utility Association, Inc.
b. No member of this corporation shall be entitled to more than one vote at meetings of the members or to hold more than one membership certificate of the corporation. Every member agrees to sign such agreement for the purchase of water from the corporation as may from time to time be provided and required by the corporation.
c. Membership certificates shall not be transferable.

Section 3. Membership certificates shall be cancelled upon the death of a member, or in case membership in the corporation is terminated for any other cause as provided in these By-Laws, and such loss of membership by death or otherwise shall terminate all interest of such member in the corporation's assets; provided that upon the death of a member and cancellation of the deceased's membership certificate, his surviving spouse or other family member desiring to continue such family's membership shall be entitled to the benefits of such deceased's membership upon the issuance of a new membership certificate to such survivor, without additional membership fee.

ARTICLE VII

Meetings of Members

Section 1. The annual meeting of the members of this corporation shall be held at the Community of Mc Henry, County of Stone, State of Mississippi at 6:00 o'clock p.m. on the first Tuesday in February of each year, if not a legal holiday or if a legal holiday on the next business day following.

Section 2. Special meetings of the members may be called at any time by the action of the board of trustees and such meetings must be called whenever a petition requesting such meeting is signed by at least ten percent of the members and presented to the secretary or to the board of trustees. The purpose of every special meeting shall be stated in the notice thereof, and no business shall be transacted thereat except such as is specified in the notice.

Section 3. Notice of meetings of members of the corporation may be given by a notice mailed to each member of record, directed to the address shown upon the books of the corporation, at least ten days prior to the meetings. Such a notice shall state the nature, time, place and purpose of the meeting, but no failure or irregularity of notice of any annual meeting, regularly held, shall affect any proceedings taken thereat.

Section 4. The members present at any meeting of the members shall constitute a quorum at any meeting of the corporation for the transaction of business. The voting powers of the members of this corporation shall be equal, each member shall have one vote only, and no voting by proxy shall be allowed.

Section 5. Trustees of this corporation shall be elected at the annual meeting of the members.

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
2. Proof of notice of meeting
3. Reading and action on any unapproved minutes
4. Reports of officers and committees
5. Election of trustees
6. Unfinished business
7. Adjournment

ARTICLE VIII

Trustees and Officers

Section 1. The board of trustees of this corporation shall consist of 5 members, all of whom shall be members of the corporation. The trustee named in the articles of incorporation shall serve until the first annual meeting of the members and until their successors are elected and have qualified. At the first annual meeting of the members, one trustee shall be elected for a term of one year; two trustees for a term of two years; and two trustees for a term of three years. At each annual meeting thereafter, the members shall elect for a term of three years the number of trustees whose terms of office have expired. Each trustee shall hold office for the term for which that trustee is elected and until the successor shall have been elected and qualified.

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

Section 3. If the office of any trustee becomes vacant by reason of death, resignation, disqualification or otherwise, except by removal from office, a majority of the remaining trustees, though less than a quorum shall, by a majority vote, choose a successor who shall hold office until the next regular meeting of the members of the corporation, at which time the members shall elect a trustee for the un-expired term or terms, provided that in the call of such regular meeting a notice of such election shall be given.

Section 4. A majority of the board of trustees shall constitute a quorum at any meeting of the board. The affirmative vote of the majority of the trustees at a meeting at which a quorum is present shall be the act of the board.

Section 5. Compensation of officers may be fixed at any regular or special meeting of the members of the corporation. Trustees shall receive no compensation for their services as such.

Section 6. Officers and trustees may be removed from office in the following manner: Any member, officer or trustee may present charges against a trustee or officer by filing them in writing with the secretary of the corporation. If presented by a member, the charges must be accompanied by a petition signed by ten per cent of the members of the corporation. Such removal shall be voted on at the next regular or special meeting of the members and shall be effective if approved by a vote of a majority of the members. The trustee or officer against whom such charges have been presented shall be informed, in writing, of such charges five 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 trustee is approved, such action shall also vacate any other office held by the removed trustee in the association. A vacancy in the board thus created shall immediately be filled by a vote of the majority of the members present and voting at such meeting. A vacancy in any office thus created shall be filled by the trustees from among their number so constituted after the vacancy in the board has been filled.

ARTICLE IX

Duties of Trustees

Section 1. The board of trustees, subject to restrictions of law, the articles of incorporation, or these by-laws, shall exercise all of the powers of the corporation, and, without prejudice to or limitation upon their general powers, it is hereby expressly provided that the board of trustees shall have, and are hereby given, full power and authority in respect to the matters as hereinafter set forth:

a. To pass upon the qualifications of members, and to cause to be issued appropriate certificates of membership.
b. To select and appoint all officers, agents or employees of the corporation or remove such agents or employees of the corporation for just cause, prescribe such duties and designate such powers as may not be inconsistent with these by-laws, fix their compensation and pay for faithful services.
c. To borrow from any source, money, goods or services and to make and issue notes and other negotiable and transferable instruments, mortgages, deeds of 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 their discretion, 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 members of the corporation at their annual meeting.
f. To fix the charges to be paid by each member for services rendered by the corporation to the member, the time of payment and the manner of collection.
g. To require all officers, agents and employees charged with responsibility for the 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 trustees 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 and to form of checks and the person or persons by whom the same shall be signed, with the power to change such banks and the person or persons signing such checks and the form thereof at will.
i. To levy assessments against the membership certificates of the corporation and to enforce the collection of such assessments by the forfeiture of delinquent certificates. The board of trustees shall have the option to declare forfeited any membership certificate on which the assessment has not been paid, at any time after ninety days from the date the assessment was due, provided that the corporation must give the member at least thirty days written notice at the address

of the member on the books of the corporation, of its intention to forfeit the certificate if the assessment is not paid.

ARTICLE X

Duties of Officers

Section 1. Duties of president. The president shall preside over all meetings of the corporation and the board of trustees, call special meetings of the board of trustees, perform all acts and duties usually performed by an executive and presiding officer, and sign all membership certificates and such other papers of the corporation as he or she may be authorized or directed to sign by the board of trustees, provided the board of trustees 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 trustees.

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 trustees may declare the office vacant and elect a successor.

Section 3. Duties of the secretary-treasurer. The secretary-treasurer shall keep a complete record of all meetings of the corporation and of the board of trustees and shall have general charge and supervision of the books and records of the corporation. He or she shall sign all membership certificates with the president and such other papers pertaining to the corporation as he or she may be authorized or directed to do so by the board of trustees. He or she 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 his or her office to the members at the annual meeting. He or she shall keep the corporate seal and membership certificates records of the corporation, complete and countersign all certificates and affix said corporate seal to all papers requiring seal. He or she shall keep a proper membership certificate record, showing the name of each member of the corporation and date of issue, surrender, cancellation or forfeiture. He or she shall make all reports required by law and shall perform such other duties as may be required of him or her by the corporation or the board of trustees. Upon the election of a successor, the secretary-treasurer shall turn over to the successor all books and other property belonging to the corporation the he or she may have in his or her possession. He or she shall also perform such duties with respect to the finances of the corporation as may be prescribed by the board of trustees.

ARTICLE XI

Benefits and Duties of Members

Section 1. The corporation will install, maintain and operate a main distribution pipe line or lines from the source of the water supply and service lines from the main distribution

pipe line 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. The cost of the service line or lines from the main distribution pipe line or lines of the corporation to the property line of each member shall be paid by the corporation. The corporation will also purchase and install a cut-off valve in each service line from its main distribution line or lines, such cut-off 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 such cut-off valve to turn it on and off.

Section 2. Each member shall be entitled to not to exceed ten service lines from the corporation's water system, provided that the member shall be required to pay a fee of two dollars ($2.00) per foot, plus meter charge, for each service line in excess of one. No new service line or change in an existing service line may be made which will interfere with the existing service line or the delivery of water therein. 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 shall be of 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 shall be inadequate to permit the delivery of water through a service line installed at such place without interfering with the delivery through a prior service line, then such service line shall be installed at such place as may be designated by the corporation. Each member will be required to dig or have dug a ditch for the connection of the service line or lines from the property line of the member to his or her dwelling or other portion of the service line or be required to purchase and install the portion of the service line or lines from his or her property line to the place of use on his or her premises and to maintain such portion of such service line or lines which shall be owned by the member, at his or her own expense, provided that the corporation may, if the board of trustees 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.

Section 3. Each member shall be entitled to purchase from the corporation, pursuant to such agreements as may from time to time, be provided and required by the corporation, such water for domestic, livestock and garden 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 trustees. Each member shall be entitled to have delivered to him or her through a single service line only such water as may be necessary to supply the needs of the persons residing in a single dwelling and of the livestock owned by such persons and to irrigate a garden of not to exceed one-half acre. The water delivered through such service line shall be metered and the charges for such water shall be determined separately, irrespective of the number of service lines owned by the member.

Section 4. In the event the total water supply shall be insufficient to meet all 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 trustees, and may also prescribe a schedule of hours covering use of water for

garden purposes by particular members and require adherence thereto or prohibit the use of water for garden purposes; provided that if at any time the total water supply shall be insufficient to meet all the needs of all the members for domestic, livestock and garden purposes the corporation must first satisfy all of the needs of all of the members for domestic purposes before supplying any water for livestock purposes and must satisfy all of the needs of all of the members for both domestic and livestock purposes before supplying any water for garden purposes.

Section 5. The board of trustees shall determine the flat minimum monthly rate to be charged each member 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, and the amount of additional charges, if any, for additional water which may be supplied the members, shall fix the date of payment of such charges, and shall notify each member of the amount of such charges and the dates for the payment thereof. A member to be entitled to the delivery of water shall pay such charges at the office of the corporation at or prior to the dates fixed by the board of trustees. The failure to pay water charges duly imposed shall result in the automatic imposition of the following penalties:

a. Non-payment for thirty days after due. The water shall be cut off from the delinquent member's property.
b. Non-payment for sixty days. Membership in the corporation shall be terminated.

Section 6. The board of trustees shall be authorized to require each member to enter into water users agreements which shall embody the principles set forth in the foregoing sections of this article.

ARTICLE XII

Distribution of Surplus Funds

Section 1. It is not anticipated that there will be any net income. 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 reserves for depreciation on all buildings, equipment and office fixtures an such other reserves as the board of trustees 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 trustees may determine to be for the best interest of the corporation.

ARTICLE XIII

Amendments

Section 1. These by-laws may be repealed or amended 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 requirement 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 fundamental 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 days before such meeting and must set forth the amendments to be considered.