

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 Adaton Water Association, Inc.

Section 2. The principal office of this corporation shall be located in the Village of Adaton, County of Oktibbeha, 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 Directors may determine.

ARTICLE III

Fiscal Year

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

ARTICLE IV

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 directors 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 \$10.00.

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 wilfully fails to comply with these by-laws and other requirements, or wilfully obstructs the purposes and proper activities of the corporation, the corporation, through the board of Directors, may elect to purchase his membership certificate and terminate his membership upon tender to him or his heirs or legal representatives of the fair book value of his membership certificate as determined by the board of directors, together with any dividends due and unpaid less any indebtedness then due from him to the corporation. Any member whose membership is so terminated for cause other than that of ceasing to be eligible may appeal from the action of the board of directors to a vote of the members at the next regular meeting of the members or special meeting of the members called for such purpose.

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 Adaton Water Association, Inc.

b. Transfers of membership certificates shall be made only upon the books of the corporation, only to persons eligible to become members, only with the approval of the board of directors and only when the member transferring is free from indebtedness to the corporation.

c. No member of this corporation shall be entitled to more than one vote at meetings of the members or to hold more than one of the membership certificates of the corporation. Every member upon becoming a member of this corporation 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 and agrees in case he desires to dispose of his membership certificate, to first offer the same to the corporation at its fair book value and that he will make no offer of assignment or sale of the same unless the corporation shall fail after thirty days notice in writing so to purchase the membership certificate.

Section 3. All transfers of membership certificates shall be made upon the books of the corporation upon the surrender of the certificates covering the same by the holders thereof or by their legal representatives but only with the approval of the board of directors and only to persons eligible to become members and only when the transferring member is free from indebtedness to the corporation.

Section 4. Each member agrees to sign such water users' agreements as the corporation shall from time to time provide and require.

ARTICLE VI

Meetings of Members

Aug-
Section 1. The annual meeting of the members of this corporation shall be held at the Village of Adaton, County of ^{Attala County} Oktibbeha, State of Mississippi, at 7:00 o'clock P.M. on the first Monday in ^{April} 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 directors 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 directors. 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.

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. Directors of this corporation shall be elected at the annual meeting of the members.

ARTICLE VII

Directors and Officers

Change Directors
From 5 to 8
Approved
9/2/87
8

Section 1. The board of directors of this corporation shall consist of (five) members, all of whom shall be members of the corporation. The directors 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 director shall be elected for a term of one year; two directors for a term of two years; and two directors for a term of three years. At each annual meeting thereafter, the members shall elect for a term of three years the number of directors whose terms of office have expired.

Section 2. The board of directors shall meet within ten days after the first annual election and within ten days after the annual election of directors 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 his 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 who shall hold office until the next regular meeting of the members of the corporation, at which time the members shall elect a director for the unexpired term or terms, provided that in the call of such regular meetings 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.

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

Section 6. Officers and directors may be removed from office in the following manner: any member, officer or director may present charges against a director 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 percent 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 directors 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 against him shall

Section 1. The board of directors, 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 directors shall have, and are hereby given, full power and authority in respect to the matters as hereinbefore set forth:

- a. To pass upon the qualifications of members, and to cause to be issued appropriate certificate 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 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 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 charges to be paid by each member for services rendered by the corporation to him, the time of payment and the manner of collection.
- g. To require all officers, agent 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 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 and the 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 term 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 directors shall have the option to declare forfeited any membership certificate on which assessment has not been paid.

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

ARTICLE X

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.

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 of water 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 dwelling or other portion of his premises and will also be required to purchase and install the portion of the service line or lines from his property line to the place of use on his premises and to maintain such portion of such service line or lines which shall be owned by the member., at his own expenso, provided that 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.

Section 4. 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 directors. Each member shall be entitled to have delivered to him through a single service line only such water as may be necessary to supply the needs of the persons residing in a d single dwelling and of the livestock owned by such persons and to irrigate a garden of not to exceed _____one acre. The water delivered through each service line shall be metered and the charges for such ~~water~~ water shall be determined 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 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 of the needs of all of 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 ~~any~~ 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 6. The board of directors shall, 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, and a the amount of additional charges, if any, for additional water which may be supplied the members, shall fix the date for the 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

Section 7. The board of directors 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 XI

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 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.

ARTICLE XII

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 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 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.