

Amended and Restated
By-Laws
Of
Dixie Community Utility Association, Inc.
Water System

November, 1999

Updated March, 2008

Article I

General Purpose

The purpose for which this corporation is formed, and the power which it may exercise are set forth in the articles of incorporation of this corporation. In addition, the corporation has all the powers enumerated in Mississippi Code Annotated Section 79-11-151 et seq.

Article II

Name and Location

Section 1. The Name of this corporation is the Dixie Community Utility Association, Inc.

Section 2. The principal office of this corporation shall be located at 500 Elks Lake Road, Hattiesburg, County of Forrest, State of Mississippi.

Article III

Seal

Section 1. The seal of the corporation shall have inscribed thereon the name of the corporation and such other information as the law may require.

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 affixed.

Article IV

Fiscal Year

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

Article V

Membership

Section 1. Membership will be limited to those who subscribe to the water utility services of the corporation and comply with its requirements for membership set forth herein. The Association shall keep a roster of its membership as required by Mississippi Code Annotated Section 79-11-393.

Section 2. Every person, firm, association, corporation or other legal entity who is record owner of a fee or undivided fee simple interest, or having a substantial possessory interest, in a property within the franchised area served by the water system may become a member of the corporation upon signing such applications and agreements and making such deposit for the purchase of water as may be provided and required by the corporation and upon the payment of such connection fee as may be imposed by the Board of Trustees provided that only one membership at a time may be held for each property served. Only a single-family residence or commercial business may be served from each meter installation. A single membership may be issued to all persons owning or having a substantial possessory interest in the same property. Only one membership may be held with respect to property at one time; and if any person or legal entity owns or has a substantial possessory interest in more than one property, such person or entity shall be allowed only one membership but must sign all applications and agreements required for service to each separate

property. The Board of Trustees shall cause to be issued appropriate certificates or other evidence of membership, provided that membership shall not be denied because of the applicant's race, color, creed, sex, age, marital status, or national origin. Membership may be temporarily denied if capacity of the corporation's water system is exhausted by the need of its existing members, or, if the proposed use of the applicant is such that it would interfere with existing uses previously authorized by the Board of Trustees, so long as such denial is not violative of the Certificate of Public Convenience and Necessity held by the Association. Membership fees shall be set by the Board of Trustees.

A. A substantial possessory interest is one where the person or persons have a legal right to control and occupancy of a property but do not have the legal or the equitable ownership of the property. It may be under an oral rental, lease or similar right to possession.

(1) Before membership is allowed to one or more persons claiming such an interest, the corporation will endeavor to obtain the application for membership from the owner of such property.

(2) Where membership is granted to one or more persons having a substantial possessory interest, the corporation, as a condition to the membership, may require such applicant to post such deposit, collateral or bond as the trustees determine necessary to fully protect the corporation from any additional risk that may be involved to the corporation by reason of the

lack of legal ownership in the applicant. Owners of property comprising apartment projects, trailer parks, or similar multi-family housing units may be required to guarantee payment of their tenants' bills for water services.

Section 3. Each member shall have only one membership, regardless of the number of service connections the member may obtain to serve the property. Each membership certificate shall represent one vote. When more than one person holds the interest in a property served, the vote shall be exercised by the person in whose name the certificate is registered or by such person as the several persons may designate in writing, but in no event shall more than one vote be cast with respect to any property.

Section 4. Membership shall be transferable upon application of the member and the assignee or successor in interest, but the transfer will be effective only when noted on the books of the corporation. Such transfer will be made only to a person or legal entity who obtains a qualifying interest in the property and executes such agreements as may be required. A member will transfer membership in the corporation to a successor in interest as part of the transaction whereby the member disposes of any interest to said property. The secretary of the Association, upon request will make note of such transfer upon the records of the corporation but need not issue a new certificate to the assignee or successor in interest of the previous existing member.

Section 5. When membership in the corporation is not transferred, it shall terminate upon the disposition or other termination of the member's interest in the property, regardless of

whether or not the certificate or other evidence of membership is surrendered to the corporation. Membership also may be terminated by action of the Board of Trustees where the use of the property is changed so as to materially increase the amount of water consumed to the prejudice of other existing members or to the prejudice of the orderly operation of the system.

Section 6. Termination of membership will result in termination of all interest in the corporation, including the former member's right to receive the utility services of the corporation, with the exception of any rights of such member under the Mississippi Code Annotated Section 79-11-393 and other applicable laws. Any member who objects to termination of membership may present his objections to the Board of Trustees in a regular or special meeting.

Section 7. The termination of the membership of any member shall not disqualify for membership any other person who has or obtains an interest in their property of the terminated member and who otherwise meets the requirements of these bylaws.

Section 8. In the event a member's property interest is divested other than by voluntary means, such member's membership will pass to the trustee, receiver, executor, or the like who will be entitled either in person or through a designated representative to exercise all of the rights incident to such membership, but shall be subject to such duties and liabilities which are applicable to the membership. The trustee, receiver, executor, or the like, upon payment of any outstanding charges, may terminate such membership by written notice to

such effect delivered or mailed to the secretary of the corporation. Upon the final disposition of such property rights, the owner thereof shall be entitled to membership in like manner as if the membership had been transferred to the owner by the original member as set forth in Section 4 above.

Section 9. Upon the transfer of a membership, the corporation will not look to the new member for the payment of any past due amounts. The corporation will seek collection only from the individual, his estate or other legal entity or its successor in interest who incurred such charges or assessments or from the property itself if a judgement lien had been duly perfected against such property.

Article VI

Meetings of Members

Section 1. The annual meeting of the members of this corporation shall be held at a time and location designated by the Board of Trustees on the third Friday in November of each year, if not a legal holiday on the next business day following.

Section 2. Special meeting of the members may be called at any time by the action of the Board of Trustees. Additional meeting must be called whenever a petition requesting such meetings is signed by at least 5% 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 is specified in the notice.

Section 3. Notice of meeting of members of the corporation may be given by a notice to each member mailed of record mailed by first class mail, directed to the address shown upon the books of the corporation, at least 10 days prior to the meeting, but not more than 30 days prior to the meeting. 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. This notice may be included in the monthly billing statement preceding the meeting, and notice may also be published in any newspaper having general circulation in Forrest County.

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 this corporation shall be equal, each member shall have one vote only, and no voting by proxy or cumulative voting 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 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) New business.
- (8) Adjournment.

Article VII

Trustees and Officers

Section 1. The Board of Trustees of this corporation shall consist of five members, all of whom shall be members of the corporation. Upon initial formation, the corporation elected Trustees on a plan by which one trustee was 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, 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 he is elected and until his successor shall have been elected and qualified.

Section 2. If the office of any trustee becomes vacant by reason of death, resignation, retirement, disqualification, or otherwise, except by removal from office, a majority of the remaining trustees, though less than a quorum shall, by 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 unexpired term or terms, provided that in the call of such regular meeting a notice of such election shall be given.

Section 3. Regular meetings of the Board of Trustees shall be held on the 3rd Thursday of the month or as otherwise directed by the board.

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 and trustees may be fixed at any regular or special meeting of the board of trustees.

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 they are presented by a member, the charges must be accomplished by a petition signed by 10% 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 against him 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 be immediately filled by 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 trustees from among their number so constituted after the vacancy in the board has been filled.

Article VIII

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 evidence of membership.
- b. To appoint and select all officers, agents, and 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, at 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 and to prepare a financial report on forms provided by the State Auditor within 90 days after close of the fiscal year and to disseminate and file this report as required by Mississippi Code Annotated Section 79-11-394. The report prepared by such auditor or accountant shall be submitted to the members of the corporation at their annual meeting and to state agencies as required.
- f. To fix the charges to paid by each member for services rendered by the corporation to him, the time of payment and 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 or other financial institutions 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

other financial institutions and the person or persons signing such checks and the form thereof at will.

- i. To comply with management training requirements under Mississippi Code Annotated Section 41-26-101 and other applicable laws.
- j. To negotiate with an owner and/or developer of any project which may require more extensive water service than the Association can provide with its existing system without adversely affecting service to its current members and to determine the terms and conditions and shared costs with the owner or developer under which such service can be provided.
- k. To provide for indemnification of Trustees, Officers and Employees of the Association to the extent allowed by Mississippi Code Annotated Section 79-11-281 and other applicable laws.

Article IX

Duties of Officers

Section 1. Duties of the 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 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, in case of death, resignation, or disability of the president of the board of trustees 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 the 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 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 by the board of trustees. 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 certificates, 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 the date of issuance, surrender, cancellation or forfeiture. He shall make all reports required by law and shall perform such other duties and he may be required by the corporation or the board of trustees. Upon 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 other duties with respect to finance of the corporation as may be prescribed by the board of trustees.

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 water supply and service line 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 pipeline or lines of the corporation to the property line of each member shall be paid by the corporation, provided, however, that if the hydraulics of the system are not sufficient to provide service, then the member at the discretion of the Board may be required to share costs of increasing service capacity on a mutually satisfactory basis. The corporation will also purchase and install a cut-off valve in each service line from its main distribution line or lines, such a 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 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 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 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. Each

member shall pay such connection charge, if any, as may have been imposed by the board of trustees before such member will be in 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 trustees upon proper application therefor; and the tender or payment to be determined by the board of trustees. The approval of the board of trustees 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 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, unless the member agrees to share costs to make the service line adequate in an amount satisfactory with the Board and the member.

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 bylaws and to such rules and regulations as may be prescribed by the board of trustees. 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 requirements. The water delivered through each service line may be metered separately, irrespective to the number of service lines owned by a member; and only one single family dwelling or business shall be allowed on a meter.

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 trustees, 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 of 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 of 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 turn off the flow of water to the non-domestic service lines until such time as the supply of water from the system is sufficient to meet the needs of all of the members for domestic and livestock purposes. During such periods of shutoff of additional service lines there shall be no minimum fees 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 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 paid irrespective of whether any water is used by a member during the month, and the amount of additional charges if any for additional water which may be supplied the members, shall fix the date for payment of such charges at the office of the corporation at or on prior to the dated 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 after the due date will be subject to imposition of late charges to the extent allowed by law, and monthly statement will contain a statement regarding late charges.

- b. Non-payment for thirty days after the 15th. The water shall be turned off from the delinquent member's property.

Section 7. The board of trustees shall be authorized to require each member to enter into a water users' agreement which shall embody the principles set forth in the foregoing sections of this article.

Article XI

Emergency By-Laws and Emergency Powers of Board of Trustees

The Board of Directors at any time may adopt the Emergency By-Laws as provided in Mississippi Code Annotated Section 79-11-147; and notwithstanding anything contained herein to the contrary, the Board of Trustees may exercise all emergency powers set forth in Mississippi Code Annotated Section 79-11-153.

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 a reserve for depreciation on all buildings, equipment, and office fixtures and such other reserves as the board of trustees may deem proper and after providing for payments on interest and principle of obligations and amortized debts of the corporation, and after providing for the purchase of proper supplies and equipment, the net earnings shall be accumulated in a surplus fund for the purpose of replacing, enlarging, extending and repairing the system and property of the organization and for such other purposes as the board of trustees may determine to be for the best interest of the corporation. Distribution of any surplus not required for the maintenance, upkeep, and projected growth and future needs of the association shall be made as provided by law.

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 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 must be given at least 10 days before the meeting and must set forth the amendments to be considered.