

**AMENDED BY-LAWS
OF
MILLIGAN WATER SYSTEM, 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.

ARTICLE II

Name and Location

Section 1. The name of this corporation is MILLIGAN WATER SYSTEM, INC.

Section 2. The principal office of this corporation shall be located at 5340 Highway 4, Baker, Florida, 32531, but the corporation may maintain offices and places of business at such other places within the State as the Board of Directors may determine.

ARTICLE III

Seal

Section 1. The seal of the corporation shall have inscribed thereon the name of the corporation and the year of its organization and the words, "Non-Profit Corporation".

Section 2. The Secretary-Treasurer of the corporation shall have the 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 first day of July in each year.

ARTICLE V

Membership

Section 1. Each person or entity that makes a deposit and pays a monthly bill for a water service to Milligan Water System shall be considered a member. For purposes of voting, there shall be one vote regardless of the number of service connections they may hold. Membership shall cease upon termination of account with Milligan Water System, except in the case where an individual or entity holds more than one service connection. In that case, membership shall continue as long as at least one connection is maintained as active.

A. Substantial possessory interest is one where the person or persons have a legal right to the control and occupancy of a property but do not have the legal or the equitable ownership of same. Said property may be under a 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 collateral or bond as the directors 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.

3. Regardless of the number of owners for a single property, there shall be only one vote allowed per account. Legal action necessary against the account for non- payment shall be filed against each owner.

Section 2. Each service connection shall require a deposit. When more than one person holds the interest in a property served, the vote shall be exercised by the person in whose name the deposit for service was made.

Section 3. The termination of the membership of any member shall not disqualify any other person for membership who has or obtains an interest in the property of the terminated member and who otherwise meets the requirements of these bylaws.

Section 4. 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, and subject to such duties and liabilities applicable to the membership. The trustee, receiver, executor, or the like, may terminate such membership by written notice to such affect 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 him by the original member.

Section 5. Should the assets of Milligan Water System be sold or transferred, the assets must transfer to another not-for profit entity. However, this section shall not apply to the routine sale of surplus or unneeded assets.

Section 6. There shall be a \$5.00 fee for membership.

Section 7. Each member agrees to sign such utility user's agreements as the corporation shall from time to time provide and require.

ARTICLE VI

Meeting of Members

Section 1. The annual meeting of the members of Milligan Water System, Inc., shall be held at Milligan Water System's principal office listed above at 6:00 P.M. on the second Tuesday of July of each year. The place and time of the annual meeting may be changed by the Board of Directors giving notice thereof to each member not less than ten (10) days in advance thereof.

Section 2. Special meetings of the members may be called at any time by the action of the Board of Directors and such meetings shall be called by the President whenever a petition requesting such meeting is signed by at least thirty percent (30%) of the members and presented to the President or the Board of Directors. The purpose of every special meeting shall be stated in the notice thereof, and no business shall be transacted except as specified in the notice.

Section 3. Notice of any special meeting of members of Milligan Water System, Inc., shall be given to each member of record, by public notice, not less than ten (5) nor more than fifty (50) days prior to such meeting. Such a notice shall state the day and hour, place and purpose of the special meeting. No notice of the annual meeting shall be required.

Section 4. Each member shall have only one vote and the vote of each member shall be equal to that of every other member. Voting by proxy shall be permitted, but it is required that the members present shall constitute a quorum. Members of the Board of Directors, present at any such membership meetings, shall qualify as a member for purposes of said quorum. Unless such quorum is present, no business shall be

transacted. If, however, such quorum shall not be present at any regular or special meeting, the members present shall have power to adjust the meeting from time to time without notice other than announcement at the meeting, until a quorum is present. Any business may be transacted which might have been transacted at the meeting as originally called.

Section 5. The Board of Directors of this Corporation shall be elected by a vote of a majority of the voting members at the annual meeting of the members. No cumulative voting shall be allowed.

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

1. Call meeting to order
2. Proof of notice of meeting
3. Reading and action on any unapproved minutes
4. Reports of officers and committees
5. Unfinished business
6. New business
7. Adjournment

ARTICLE VII

Directors and Officers

Section 1. The Board of Directors of this Corporation shall consist of nine (9) members, a majority 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. Three (3) directors shall be elected for a term of two years; two (2) directors for a term of one year. At each annual meeting thereafter, the members shall elect for a term of three (3) years the number of directors whose terms of office have expired. Each director shall hold office for the term for which he is elected and until his successor shall have been elected and qualified. Quorum shall be met when a majority of the Board of Directors are present at any meeting.

Section 2. Each person seeking the office of Director shall provide a statement of their background information. A director must refrain from voting on issues which present actual or potential conflicts of interest.

Section 3. The Board of Directors shall meet within ten days after the annual election of directors and shall elect, a President and Vice President from among themselves and a Secretary-Treasurer who need not be a member of the Board of Directors, 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 4. 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 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 in the call of such regular meeting a notice of such election shall be given.

Section 5. A majority of the Board of Directors shall constitute a quorum, provided, that if less than such majority of the directors is present at said meeting, a majority of the directors present may adjourn the meeting from time to time; and provided further, that the Secretary shall notify any absent directors of the time and place of such adjourned meeting. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 6. The Board of Directors, as such, shall not receive any salary for their services. If authorized by the Board, the Board Members may be reimbursed for expenses actually and necessarily incurred in carrying out such Corporation business or granted a reasonable per diem allowance by the Board in lieu of detailed accounting for some of these expenses. No Board Member shall receive compensation for serving the Corporation in any other capacity. No close relative (spouse, child, mother or father) of a Board Member shall receive compensation for serving the Corporation, unless the payment and amount of compensation shall be specifically authorized by a vote of the board or unless the service by the Board Member or their close relative (spouse, child, mother or father) is certified by the board as an emergency measure.

Section 7. Officers and directors may be removed from office for good cause in the following manner: Any member, officer or director may present charges against a director or officer by filing them in writing with the President of the Corporation.

A. If presented by a member, the charges must be accompanied by a petition signed by ten percent (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 those voting if a quorum is present. The director or officer against who

such charges have been presented shall be informed, in writing, of such charges at least five days prior to the meeting; the person or persons presenting such charges shall have the opportunity at such meeting to be heard in person or by counsel and to present witnesses and the person against whom the charges are made shall have the same opportunity. If the removal of a director is approved, such action shall also vacate any other office held by the removed director in the Corporation. A vacancy in any office thus created shall be filled by the Board of Directors for the remainder of the term of office.

ARTICLE VIII

Powers and Responsibilities of Board of Directors

Section 1. The Board of Directors, subject to restrictions of law, the Articles of Incorporation, and these bylaws, 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 (to be exercised by resolution duly adopted by the Board) in respect to the matters as hereinafter set forth:

- A. To pass upon the qualifications of members and to cause to approve membership.
- B. To select and appoint all agents or employees of the Corporation; remove such agents or employees of the corporation; prescribe such duties and designate such powers as may not be inconsistent with these bylaws; fix their compensation and pay for faithful services.
- C. To borrow, money, goods or services from any source and to make and issue notes and other negotiable or non-negotiable instruments evidencing indebtedness of the Corporation; to make and issue mortgages, deeds of trust, pledges of revenue, trust agreements, security agreements and financing statements and other instruments evidencing a security interest in the assets of the Corporation; 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 its discretion may be deemed essential or convenient for the conduct of the business and affairs of the Corporation, 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 certified public accountant. The report prepared by such accountant shall be submitted to the members of the Corporation, together with a proposed budget for the ensuing year. Copies of such audits and budgets shall be submitted to such parties as may be required by other agreements.

F. To fix the charges, rates, and connection fees, to be paid by each member for services rendered by the Corporation to the members, including connection fees where such are deemed to be necessary by the directors.

G. To fix and alter the method of billing, time of payment, manner of connections, and penalties for late or nonpayment of the same.

H. The board may establish one or more classes of users, and all charges shall be uniform and non-discriminating within each class of users.

I. 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 directors to so require.

J. 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 determine 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 form thereof at will. Except that no bank may be so designated unless such deposits are protected by an agency of the United States of America, such as the FDIC or similar agency.

K. With the approval of the majority of the members present at any regular or special meeting, to levy assessments against the members of the Corporation in such 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. The Board of Directors shall designate the option to Milligan Water System, Inc.'s management to suspend the service of any member who has not paid such assessment within 20 days from the date the assessment was due. Upon payment of such assessments, any penalties applicable thereto, plus a reconnection charge, service will be promptly restored to such a member.

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 Directors, call special meetings of the members and Board of Directors, perform all acts and duties usually performed by an executive and presiding officer, and sign such papers of the Corporation as deemed necessary or as directed to sign by the Board of Directors. 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 a successor. The Vice-President shall perform such other duties as may be prescribed by the Board of Directors.

Section 3. Duties of the Secretary-Treasurer. The Secretary-Treasurer shall cause to be kept a complete record of all 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. The Secretary-Treasurer shall attest the President's signature on all Corporation documents so requiring such, unless otherwise directed by the Board of Directors. The Secretary-Treasurer shall cause to serve, mail, or deliver all notices, required by law and by these bylaws, and shall make a full report of all matters and business pertaining to the office to the members at the annual meeting or at such other time or times as the Board of Directors may require. The Secretary-Treasurer shall cause to have affixed said corporate seal to all papers requiring such. The Secretary-Treasurer shall assure all reports required by law are completed and shall perform such other duties as may be required by the Corporation or the Board of Directors. Upon the appointment or election of a successor, the Secretary-Treasurer shall turn over to the successor all books and other property belonging to the corporation that the Secretary-Treasurer may have in their possession. The Secretary-Treasurer shall also perform such duties with respect to the finance 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 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. From these points, designated as delivery points, meters 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. The Corporation also may purchase and install a cutoff valve in each service line from its main distribution line or lines. This cutoff valve will be owned and maintained by the Corporation and will be installed on some portion of the service line owned by the Corporation. The Corporation shall have the sole and exclusive right of 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 of such devices is impractical, and/or unnecessary to protect the system and the rights of the membership, and/or economically unfeasible. The tap fee paid by a member is for the tap in to the main line and does not include the meter box or any equipment contained therein, which remains the property of Milligan Water System. Milligan Water is not responsible for the cost of upgrading existing lines to serve a new development project if the existing transmission line is not large enough to provide adequate flow and/or fire protection. It shall be the responsibility of the developer to install the water lines, valves, hydrants, etc. within their development after their plans have been approved by Milligan Water and appropriate fees paid. Further, it shall be the responsibility of the developer to pay all costs associated with connection from their development to Milligan Water System's main lines. Milligan Water may agree, via vote by the Board, to pay increased cost of upgrading a line over and above what is to be required from the developer of the proposed project, if upsizing the line is in the best interest of Milligan Water and its members.

Section 2. Each member shall be required, at his own expense, to provide access for the connection of the service line or lines from the main distribution line to his dwelling or other portion of his premises. Additionally, the member shall have the responsibility to purchase and have installed the portion of the service line or lines from the main distribution line to the place of use on his premises. The member will maintain such portion of such service line of lines, which shall be owned by the member, at their own expense.

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 of payment not to exceed the then existing connection charge. Each service line shall incur a separate tap-in and capacity

replacement fee in place at the time the request is made. 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 to serve other property that may need service along the distribution lines of the system. Each service line shall connect with the Corporation's water system, providing the system has sufficient capacity to permit the delivery of water through a service line to that point without interfering with 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.

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, agriculture, industrial or other purposes as a member may desire, subject, however, to the provision of these 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 them through their service lines only such water as may be necessary to supply the needs of each member including their 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. The Board 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 should first satisfy all of the reasonable needs of the members for domestic purposes before supplying any water for livestock purposes. The needs of the members for domestic purposes shall be met before supplying any water for commercial or industrial purposes. Where a member has more than one service line, the Corporation may cut 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, livestock, and garden 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 Rural Development, USDA, determine the flat minimum monthly rate to be charged each member during the following calendar year. Such flat minimum monthly rate is to be payable irrespective of whether any water is used by a member during the month. The amount of additional charges for water used and the amount of any penalty for late payments shall be charged to the customer in the normal monthly billing cycle. 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 after the (15th) due date will be subject to a penalty of Ten (10%) percent of the delinquent account, which percentage may be changed at the discretion of the Board of Directors.

B. Nonpayment within ten days from the due date will subject the member to the water being shut off from their property without any notice thereof to such delinquent member. Upon the payment by the delinquent member of all charges assessed which are necessary to make the account current, the member shall be entitled to resumption of the water supply. 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.

C. Nonpayment for sixty days after original due date will allow the corporation, in addition to all other rights and remedies to cancel the member's membership, and, in such event the member shall not be entitled to receive, nor the corporation obligated to supply, any utilities under this agreement.

Notwithstanding section B above, when a residential account has billing in excess of \$200, and the account has not been paid within 5 days after the due date, the meter shall be locked without further notice to such delinquent member until such time as the account is paid in full. Notwithstanding section b above, when a commercial account has billing in excess of \$300, and the account has not been paid within 5 days after the due date, the meter shall be locked without further notice to such delinquent member until such time as the account is paid in full.

Section 7. The Board of Directors shall be authorized to require each member to enter into the water users agreement, which shall embody the principles set forth in the foregoing provisions of these by-laws.

Section 8. Should a customer request a refund prior to the meter being installed, or if Milligan Water is unable to provide service (for which Milligan Water will issue a refund) and the customer decides at some later date to re-apply for service, the tap fee and capacity replacement fee shall be the fees current at that point in time.

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 reserves 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 payment 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 the property of the corporation and to repay outstanding obligations of the corporation.

ARTICLE XII

Amendments

These by-laws may be repealed or amended by a vote of a majority of the members present at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for that purpose, except that so long as any indebtedness is held by or guaranteed by Rural Development, USDA, the members and Board of Directors 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 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 Rural Development, USDA, in writing. Notice of any amendment to be made at a meeting of the Board of Directors must be given at least ten days before such meeting and must set forth the amendments to be considered.

WE certify that the foregoing by-laws were duly adopted by the members of the MILLIGAN WATER SYSTEM, INC. on the 2ND day of JUNE, 2014, that the same are in full force and effect and have not been since amended.

Given under our hands and the seal of the corporation, this 2ND day of JUNE, 2014.



Secretary-Treasurer



President