

BYLAWS

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BYLAWS OF
BIG ISLAND SEWER COMPANY

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BYLAWS

ARTICLE I.

GENERAL - EXPLANATORY MATERIAL

1.1 Overview. These are the bylaws of Big Island Sewer Company. The Company is a non-profit, membership corporation organized and existing pursuant to sections 393.825 to 393.861 and 393.175, to the extent it may apply, and Chapter 355 of the Revised Statutes of Missouri. These Bylaws are adopted to govern the membership, organization and operation of the Company in its principal endeavor of providing a permanent system of wastewater collection and treatment for property located in and around Big Island, Roach, Missouri. These bylaws shall control all operations of the Company to the extent they are not in conflict with the Articles of Incorporation of the Company or the applicable statutes of the State of Missouri.

1.2 Authority. These Bylaws are adopted by the Board of Directors of the Company pursuant to the authority granted by subsection (13) of section 393.829 RSMo. and are deemed necessary by the Board of Directors for the organization and operation of the Company.

1.3 Policy and Purpose. The purpose of these Bylaws is to provide the procedures for the financing, control, management and operation of the Company, its Board of Directors and the wastewater collection and treatment system, including additions, extensions and connections.

1.4 Use of Sewer System Is Mandatory. Any Person who shall become a Member of the Company as provided in these bylaws shall, as a condition of membership and continuing membership, agree to use: 1) the facilities owned, constructed, or caused to be constructed, by the Company; and 2) the services furnished by the Company when such facilities or services shall be available.

1.5 Ownership. The Company exercises the responsibility of full ownership of the Sewer System and, in the future, shall accept ownership responsibilities for only those additional facilities which have been formally conveyed to and accepted by the Company as a part of the Sewer System in accordance with these Bylaws.

1.6 Operation and Maintenance. The Company owns, operates, maintains, repairs and replaces the Sewer System. Each person connected to the Sewer System is required to install, operate, maintain, periodically pump out, repair and replace the Septic Tank and Service Line servicing each Lot as required by these Bylaws. The Company is not obligated to effect or make any repairs or replacements to or otherwise maintain Effluent Pumps, Septic Tanks or Service Lines, except as expressly stated in these Bylaws.

1.7 Periodic Pumping of Septic Tanks is Mandatory. It shall be the responsibility of each Member to have his Septic Tank properly pumped at least once every two (2) years at a minimum, or more often if necessary or directed by the Company. This pumping of Septic Tanks is a requirement of the Company in order to ensure proper operation of and minimize potential damage to Effluent Pumps and the Sewer System in general. The Company may direct the Member to have

the Septic Tank pumped if the need for such is revealed by the preventative maintenance inspections required in Section 4.16 of these Bylaws, or any special inspection performed by the Company. If the Member refuses to pump the Septic Tank as required by these Bylaws, the Company may, at its option, either discontinue service to the Member as provided in Section 6.4 of these Bylaws until the situation is remedied, or have the Septic Tank pumped and send a Special Bill to the Member as provided in Section 5.2 of these Bylaws for the cost of such pumping.

1.8 Powers. The Company shall possess all those powers granted to nonprofit sewer companies by virtue of section 393.829 RSMo 2000, as the same shall be amended from time to time.

1.9 Cooperation with Adjacent Sewer Companies. For purposes of supplying or improving service to the Members or the Company's Customers, the Board of Directors is expressly authorized to cooperate and contract with any Adjacent Sewer Company for the extension of its Mains or enlargement or supplementation of the capacity of its Treatment Plant. The Board is further authorized to enter any agreement it deems necessary for participating in the cost of constructing extensions of or to the Mains of an Adjacent Sewer Company.

ARTICLE II. DEFINITIONS

The following words and phrases, when used in these Bylaws, shall have the meanings specified below.

2.1 Adjacent Sewer Company shall mean any Person owning or operating a wastewater collection or treatment system that has a service territory, or has customers located on property, which is adjacent or coterminous with a Lot or residence that is owned by a Member or is served by the Company.

2.2 Board and Board of Directors shall mean the governing body of the Big Island Wastewater Services Company.

2.3 Bylaws shall mean this set of Bylaws as adopted by the Board of Directors, as the same may be amended or repealed from time to time as authorized herein.

2.4 Company shall mean the Big Island Wastewater Services Company, a Missouri not-for-profit corporation.

2.5 Company's Engineer shall mean a licensed engineer who is contracted to do engineering work and consultation for the Company in connection with the Sewer System.

2.6 Contractor shall mean a Person who performs any work, either for itself or another, on any Service Line or the Sewer System, including all subcontractors, agents, employees, officers

and other representatives of such Person.

2.7 Customer shall mean any Person authorized to use the Sewer System and who is purchasing Sewer Service from the Company. A Customer will normally be a Member and the owner of the property served, but may be a tenant if the procedure specified in Section 5.5 is followed.

2.8 Customer's External Piping shall mean all wastewater piping located on Customer's property, outside of the foundation walls of the Residence, between the Residence and the Main.

2.9 Customer's Internal Piping shall mean all wastewater piping located inside of the foundation or outside walls of a Residence.

2.10 Effluent Pump is a device which pumps liquid waste under pressure through a Service Line to a Main. The device also includes appropriate malfunction alarms, pressure controls and check valves to ensure cooperative operation with similar units.

2.11 Foundation Drain is a pipe installed inside or outside the foundation of a structure for the purpose of draining ground or subsurface water away from the foundation.

2.12 Lot shall mean any platted lot within the Service Area or, in the appropriate context, an unplatted tract of land upon which a residence, or more than one residence, has been constructed.

2.13 Main shall mean any pipe and appurtenant facilities of the Sewer System used for transporting or holding wastewater, but the term shall not include Service Lines unless the Service Line is located under a public road.

2.14 Manager shall mean the Person appointed by the Board to manage the operation of the Company pursuant to a contract entered into for that purpose.

2.15 Member shall mean any owner of real property within the Big Island Service Area who is connected to the Sewer System owned and operated by the Company; and it may also mean a Person who, by entering into a Membership Agreement or Subscription Agreement with the Company has been deemed to be a member of the Company.

2.16 Membership Agreement shall have the same meaning as Subscription Agreement.

2.17 Monthly Bill or Quarterly Bill shall mean the monthly, or quarterly, invoice sent by the Company to each Member or Customer for Sewer Service.

2.18 Permit shall mean the form of approval from the Company to construct improvements and to connect to the Sewer System.

2.19 Permitted Premises shall mean a Lot and improvements thereon to which Sewer

Service is permitted under any particular Tap Permit.

2.20 Person shall mean any individual, corporation, partnership, limited liability company and any other public or private entity or group.

2.21 Record Drawings shall mean representative drawings of installations based upon information available from construction observation, measurements and construction contract requirements, which drawings shall include such other information relating to the installation as the Board, Manager or Engineer may request.

2.22 Residence shall mean the dwelling unit located on a Lot.

2.23 Security Deposit shall mean a monetary deposit made by a Member or Customer with the Company as a condition for provision or continuation of service as provided in these Bylaws.

2.24 Septic Tank shall mean a buried receptacle, of a design approved by the Company, located on a Lot, and which serves as the reservoir for the sewage and wastewater from a residence and from which the effluent is pumped through the Service Line to the Main for transport to the Treatment Plant.

2.25 Service Area shall mean the property located on Big Island, Roach, Missouri, described in Exhibit A which is attached hereto and incorporated herein by reference.

2.26 Service Line shall mean the Customer's pipe after leaving the Main and entering the Customer's property. The valve is not a part of the Service Line. A Service Line is owned by and is the sole responsibility of the owner of the Lot serviced by the Service Line. The valve on the Main which allows for a physical separation between the Service Line and the Main is the property of the Company.

2.27 Sewage shall mean any liquid waste (including suspended solids therein) and waste water carried from residences resulting from normal household activities but the term specifically does not include storm water runoff or surface water or any water from a Foundation Drain.

2.28 Sewer Main shall mean a Company owned sewer pipeline, carrying sanitary sewage.

2.29 Sewer Service shall mean the service provided by the Company which consists generally of collecting effluent from the Service Line for a residence and transporting it to a Treatment Plant for treatment.

2.30 Sewer System shall mean the collection and treatment facilities and related valves, pipes and appurtenances owned by the Company and used in connection with collecting, pumping, treating and disposing of wastewater and the provision of sewer service. Although the Company has the authority to specify the design of the Service Lines, and to specify certain maintenance for them,

Service Lines are not part of a Sewer System. The Customer's Internal Piping and the Customer's External Piping are also not a part of the Sewer System.

2.31 Sewer Tap Fee shall mean the charge imposed, and set by the Board from time to time, for authorizing a connection to a Main.

2.32 Special Bill shall mean an invoice sent to a Person or Member by authorization of the Board of Directors for services or requirements outside the scope of the Monthly or Quarterly Bill.

2.33 Stop Work Order shall mean a communication, whether oral or written, from the Company to a Contractor to cease all operations or operation on a specific portion of a project.

2.34 Subscription Agreement shall mean a document prescribed and authorized by the Board of Directors which shall signify the Person's agreement to become a Member in conformance with the terms of these bylaws, and commit a Person to pay an amount specified by the Board for the organizational and operational capital needs of the Company and other provisions as deemed appropriate by the Board. Subscription Agreement shall have the same meaning as Membership Agreement.

2.35 Tap shall mean the physical connection to a Main which, together with the Tap Permit for same, effects sewer service to a Residence on a Lot.

2.36 Tap Permit shall mean the authority to make a service connection for sewer service to a residence on a Lot.

2.37 Technical Standards and Specifications shall mean the minimum technical standards and related operating rules for the design, installation, construction and maintenance of the Sewer System, as amended from time to time. The technical standards and specifications shall be subject to revision by the Company's Engineer and approval by the Board from time to time.

2.38 Treatment Plant shall mean any mechanical or other installation owned by the Company to which Sewage is transported through Mains for treatment in accordance with approved procedures.

2.39 Unauthorized Connection shall mean any connection to the Sewer System made without the Company's advance permission.

ANY OTHER TERM not herein defined shall be defined as presented in the "Glossary - Water and Sewage Control Engineering," A.P.A., A.S.C.E., and W.P.C.F., latest editions. In the event of any conflict between the definition of a term used in these Bylaws and any other document, the definition in these Bylaws shall control.

ARTICLE III.
CONDITIONS FOR USE OF SEWER SYSTEM

3.1 Who May Use. Sewer Service from the Company shall be furnished only to Members on Lots within the Service Area unless special permission is granted by action of the Board and the permission granted therein is memorialized in writing. The Company shall reserve, and agrees to reserve, capacity within the Sewer System to accommodate the reasonable wastewater needs of each homeowner listed on Exhibit B for the property indicated as they elect to connect to the Sewer System. No homeowner on Exhibit B, or their successor in interest, shall be charged a Tap Fee at the time they apply for service, but shall be subject to all other nonrecurring or recurring fees and charges for service.

3.2 Service Outside the Service Area. A Person owning land outside the exterior boundaries of the Service Area who desires sewer service from the Company must receive special permission from the Board in advance and pay any necessary fees specified by the Board to accomplish the connection, including but not limited to a Subscription Agreement, and then become responsible for Monthly and Special Bills in the same manner as any other member.

3.3 Purpose of Sewer System. The Sewer System is for the disposal of water contaminated by biodegradable wastes.

3.4 Permit Required. No person shall connect to or use the Sewer Mains without first applying and obtaining a Permit for Sewer Service from the Company. Any connection made without the Company's advance permission shall be deemed an Unauthorized Connection. No Sewer Service shall be obtained until the Sewer Tap Fee has been paid to the Company.

3.5 Maintenance of Customer's Internal Piping, External Piping and Service Lines. Except as expressly provided in these Bylaws, each Customer shall be responsible for maintaining, repairing and replacing the entire length of a) Customer's Internal Piping, b) Customer's External Piping, and c) the Service Line up to the connection to the Main, or the point at which the Service Line enters the Customer's property. All repairs and maintenance to the Service Line must be performed by a licensed and bonded plumber. The Customer shall ensure that no root infiltration, surface water or groundwater enters the Sewer System through the Service Line. Leaks or breaks in a Service Line must be repaired, at the Customer's expense, within a reasonable period of time after notification of the existence of such condition. The decision as to what constitutes a reasonable period of time to effect repairs shall be within the sole discretion of the Company. If a leak or break has not been repaired within such time period, the Company shall have the right, but not the obligation, to make the repair, and may charge the Customer for the full cost thereof. The Company shall have the right to add all costs therefor to the Customer's Monthly or Quarterly Bill to effect reimbursement of such costs.

3.6 Detrimental Effluent Prohibited. No material, substance, or waste which is hazardous, flammable, explosive or toxic, or which results in the effluent not meeting the standards of the

federal, state or local government having jurisdiction over the Treatment Plant shall be discharged, put into, or allowed to enter the Mains. No Person shall discharge or cause to be discharged any storm water, surface water, ground water, roof run-off, subsurface discharge, water from Foundation Drain, cooling water, industrial process water, or other waters prohibited by other provisions hereof, into the Sewer System. Discharge into a Sewer Main of any of the following is prohibited:

- A. Liquid or vapor having a temperature higher than 150 degrees Fahrenheit;
- B. Wastewater which may contain more than 100 parts per million, by weight, of fat, oil or grease;
- C. Wastewater which may contain more than 25 parts per million, by weight, of soluble oils;
- D. Gasoline, benzene, naphtha, fuel oil or other flammable or explosive liquid, solid, gas or antifreeze;
- E. Garbage that has not been properly shredded;
- F. Ashes, cinders, sand, mud, straw, shavings, metal, glass, feathers, tar plastics, wood or any other solid or viscous substance capable of causing obstruction to the flow in sewers or other interference with the proper operation of sewage treatment facilities;
- G. Wastewater in excess of maximum strength of 400 parts per million biochemical oxygen demand; and
- H. Wastewater containing heavy metals, toxic material or chemical oxygen demand in sufficient quantity to disrupt the operation of treatment facilities, or exceeding any limits which may be specified in a service contract for any such substance.

3.7 Manufacturing or Industrial Uses. Discharge into the Mains of industrial or manufacturing sewage is prohibited without a special Permit from the Company. The special Permit shall define and the Customer shall be bound by the conditions, limitations and restrictions for such discharge. The Customer using such permit shall be bound by and comply with such conditions, limitations, and restrictions. The Company does not anticipate any industrial uses of the Sewer System. Any Person intending to use the Sewer System for industrial uses shall apply for such and supply such information and submit to various inspections, testing and monitoring in accordance with all applicable federal, state and local laws and regulations pertaining to the discharge, transmission and treatment of wastewater. All requested industrial uses will be addressed on a case-by-case basis to determine whether such uses are compatible with the Sewer System and what appropriate system design modifications or pre-treatment may be necessary. All costs incurred in connection with such review shall be paid by the Person requesting connection. The Company shall not be obligated to grant any Permit for industrial or manufacturing uses.

3.8 Grease, Oil and Sand Interceptors. Grease, oil and sand interceptors shall be provided by the Customer when, in the opinion of the Manager, they are necessary for the proper removal of wastes containing grease, oils or sand. Grease trap interceptors are required for all facilities used and operated regularly for the sale of prepared food, including but not necessarily limited to restaurants and any and all other kinds and types of food vending establishments. All garbage disposal discharges from such businesses must go through the grease trap. It is the obligation of the Customer to notify the Company of any use of the premises that includes the preparation of foods. This Section 3.8 does not apply to private Residences where the only food preparation is for the occupants or non-commercial visitors to the Residence. All interceptors shall be located so as to be readily available and accessible for maintenance, cleaning and inspection and shall be constructed of impervious materials capable of withstanding abrupt and extreme changes in temperature. All grease, oil and sand interceptors shall be water-tight, and, if necessary, gas-tight, and shall be maintained in continually efficient operation at all times by the Customer at the Customer's expense. The Company may go upon the Customer's property to inspect any such interceptor from time to time as it deems necessary.

3.9 Swimming Pools. No public or private swimming pool shall be connected to a Sewer Main. No water from a public or private swimming pool shall be discharged into a Main.. A swimming pool drain may not be connected to the Sewer System. The Company may inspect any swimming pool facilities to insure adherence to this requirement.

3.10 Floor Drains. No Customer at a Residence shall have floor drains connected to the Sewer System installed in automobile garages or other uninhabited areas of a Residence without prior approval of the Company. No patio drains, roof drains, or any other source of storm water, ground water or contaminants shall be connected to the Customer's External Piping or the Customer's Internal Piping, the Service Line, or any Main.

3.11 Regulation of Residential Discharge. In order to avoid overloading the Sewer System, the Company reserves the right to determine and regulate, in a reasonable and nondiscriminatory manner, the maximum amount of waste discharged into the Sewer System to the extent it may exceed that of a normal Residence.

3.12 Cross-Connection Prohibited. A cross-connection between the sewer system serving a Residence and other supplies is prohibited. A cross-connection is defined as any physical arrangement whereby a sewer supply is connected directly or indirectly with any other water system, sewer system, sewer drain, conduit, pool, or reservoir.

3.13 Repair Shut Offs. The Company may, without notice and without liability to any Person or Customer, suspend service when the Company determines repairs are necessary for the Sewer System. To the extent practical under the circumstances, the Company will attempt to provide advance notice to any Customers who are anticipated to be affected by a repair shut off.

ARTICLE IV.
SERVICE LINES, PERMITS AND CONNECTIONS

4.1 Cost-Responsibility. All cost and expense incident to the installation and connection of Service Lines, shall be borne by the Customer. All Service Lines shall be designed and constructed in accordance with the Technical Standards and Specifications and any applicable governmental rules, regulations, standards and building codes. After installation, any movement of a Service Line at the request of someone other than the Company shall be paid for by the Person requesting same.

4.2 Permit Required: Application.

A. No Person shall cause or permit any connection to any Main without first obtaining a Tap Permit therefor as provided in these Bylaws. Any person who desires to obtain new service to a Lot within the Service Area shall make written application therefor at the office of the Company or the office of the Manager of the Company upon such forms as may be prescribed and furnished by the Company.

B. The application for service shall be in writing, signed by the prospective Customer, and accompanied by the appropriate fees and other information required by these Bylaws. Such application must state the name of the owner of the Lot. Every applicant, upon signing an application for service shall be considered to have expressed consent to the Company's Bylaws, as the same may change from time to time.

C. Unless otherwise approved by the Company engineer, Service Lines are to be installed generally perpendicular to the Main. No Tap Permit shall be issued if the Service Line is proposed to extend along (parallel to) any street or roadway or through the property of others. This provision does not apply to lines constructed prior to the adoption of bylaws.

4.3 Approval Standards. Upon a determination that all of the following conditions exist or have been met with respect to the application, the Company shall issue its Tap Permit for the service requested:

A. The written application is accurate, complete, and proper as to form and shows the intended location of the Service Line;

B. The Person making application is a licensed and bonded plumber, and has authority or consent from the Member or prospective Customer;

C. All applicable fees imposed by the Company relating to the provision of Sewer Service to that particular Lot have been paid at the time of application;

D. The Lot to which service will be provided is within the Subdivision or the Board has granted written permission for the situation per a Main Extension; and

E. The Main on which the Tap will be made has been accepted by and is owned by the Company.

Notwithstanding compliance with the foregoing conditions and any other provisions of these Bylaws to the contrary, the Company may withhold Permits or approvals for service from any facilities, private or public, which do not conform to these Bylaws in the opinion of the Manager and the Board.

4.4 Revocation. The Company may revoke any Tap Permit, before or after the Tap is activated, upon a determination that the application therefor contained false or inaccurate information and, but for such misinformation, the application would have been denied when made.

4.5 Expiration. Obtaining a Tap Permit from the Company does not obligate the Customer or Member to install the Tap and activate the service, but such Permit shall expire and be of no further force or effect if the Tap is not installed and the service activated within one (1) year from the date issued. The Tap Fee is not refundable, but the amount of the Tap Fee so paid will be applied toward applicable fees if the Customer or Member reapplies for the Tap under the then-current schedule of Tap Fees. **If any of the property owners listed on the attached Exhibit B, or their successors, applies for a Tap Permit for the purpose of servicing their property described on Exhibit B, said property owner will not be required to pay additional Tap Fees beyond those which were paid prior to the organization of the Company.**

4.6 Non-Transferability of Tap Permit or Tap Fee. Each Tap Permit applies only to the particular premises identified thereon, and is not deemed in any sense to be real or personal property. No Tap Permit or Tap Fee may be transferred from one Lot to another without the approval of the Company, but a Tap Permit and Tap Fee shall be deemed to follow any transfer or sale of the fee ownership of the Lot.

4.7 Multiple Use of Tap - Restrictions & Exceptions. With the exception of multi-family units, duplexes, triplexes, and facilities installed prior to the adoption of these bylaws, no more than one Lot shall be served by a single Sewer Tap or Service Line. No branches of Sewer Service Lines are allowed unless approved by the Company engineer. When two or more residences share a common septic holding tank (example: duplex or triplex sharing one large tank) there shall be a shut off valve between the tank and each of the residences which utilize the tank.

4.8 Installation Standards. The Customer or Member shall make the Tap at his sole cost, subject to all requirements of these Bylaws and subject further to the following:

A. Inspection. No Tap shall be activated until it has been inspected and approved by the Company. A Person making a Tap shall notify the Company not less than 48 hours before making a Tap and shall set a time for the Company's inspection thereof. A representative of the Company must approve all connections prior to the trench being backfilled by the Contractor. If the connection has been backfilled before the Company is

allowed to inspect it, the Customer is responsible for re-opening the trench to allow proper inspection.

B. Record Drawing. A Customer shall supply the Company with a Record Drawing conforming to the Company's standards immediately after the Tap has been completed, showing the location of the Tap and the Service Line.

C. Cure of Defects. A Customer shall, at his sole cost, correct, repair or replace any part or parts of any work performed during installation of a Tap which the Company reasonably determines were not constructed in conformity with these Bylaws, approved plans, construction notes or specification, or which the Company otherwise determines to be defective, of poor or unworkmanlike quality, or otherwise not in conformity with any applicable warranty. Cure of defects by the Customer shall be administered and enforced under these Bylaws.

4.9 Voluntary Disconnection/Abandonment. Any Customer desiring to have sewer service permanently disconnected shall notify the Company a minimum of forty-eight (48) hours in advance of the requested date of disconnection and pay the designated disconnection or Turn Off fee in advance. Disconnection of service by this means shall not be deemed completed until the Company's representative has accomplished the disconnection by operating and closing the valve where the Service Line connects to the Main and has inspected and approved the same. From and after the effective date of disconnection, the Company shall not assess any additional Monthly or Quarterly Bills for the Lot so disconnected, but this provision shall not relieve any Person of any amounts previously owing to the Company.

4.10 Re-connection After Voluntary Disconnection. Any reinstatement of a service disconnected pursuant to Section 4.9 shall be treated as an application for new service, and a re-connection fee as specified by the Board shall apply. Any Special Bills issues against the Lot shall also be required to be paid before re-connection is allowed.

4.11 No Joining of Taps. Each Tap is a separate permit for use, and no user may or shall allow any Taps to be joined, interconnected or manifolded together.

4.12 Re-use of Service Lines. Existing Service Lines may be used in connection with new buildings only when they are found, after examination and testing, to meet all of the requirements of the Company.

4.13 Service Line Standards. The Service Line shall be PVC of polyethylene ASTM rated for a minimum pressure of 160 psi. Joints shall be tight and waterproof. No Service Line shall be laid parallel to and within three (3) feet of any bearing wall. All Service Lines shall be buried at a depth sufficient to afford protection from frost. The Service Line shall be laid at a uniform grade and in straight alignment insofar as possible. Changes in direction shall be made only with proper curved fittings.

4.14 Effluent Pumps. Each Customer must furnish at his own expense one effluent pump unit to operate in conjunction with the Customer's Septic Tank. The pump shall be either obtained from the Company or be one of at least equal and suitable capacity approved by the Company. Installation costs of the pump unit and electric service to the pump unit is the sole responsibility of the Customer.

4.15 Septic Tanks. Each Customer must furnish at his own expense one Septic Tank system (2 tanks) of a design and quality approved by the Company. It shall have adequate access for inspection and pumping of residual solids from the tank designed to hold solid waste. It shall also have adequate access for inspection of the tank designed to hold liquid waste.. The Customer's External Piping shall either drain or be pumped into the Septic Tank system, and the Service Line from the Septic Tank shall be connected to the Company's Main. There shall be no perforated drain field piping used in connection with the Customer's External Piping, the Septic Tank, or the Service Line. The Septic Tank, required parts and fittings, Service Line, and all associated labor for installation thereof shall be furnished by the Customer and shall meet the specification of the Company. The Company will locate the point to which the Service Line will connect to its Main, which shall be located in a utility easement.

4.16 Preventative Maintenance. Customers are encouraged to perform their own preventative maintenance. However, the Company shall have the right to perform a preventative maintenance call on any Effluent Pump in service. The Company will not make an extra charge for preventative maintenance service, but may reflect the cost in the Monthly or Quarterly Bills. Preventative maintenance shall consist of the following work:

- A. Pull and clean liquid level control device;
- B. Run controls, including alarm system, through one complete cycle;
- C. Check the valves for proper operation and clean or replace as necessary.
- D. Check, and if necessary, arrange for removal of solid waste from Septic Tank.

4.17 Service Calls. The Customer shall be responsible for maintenance, repair, and any necessary replacement of the repairable parts within the Effluent Pump servicing the Customer's household, and shall perform all emergency repairs on said pump and parts. The Company shall have the right to perform any necessary emergency repairs which have been neglected by the Customer and shall hold the Customer responsible for the cost of such repairs.

ARTICLE V.
RATES AND CHARGES

5.1 Sewer Tap Fees. Sewer Tap Fees shall be in the amounts set forth in the SCHEDULE OF RATES AND CHARGES, attached hereto, as the same shall be amended from time to time by the Board. Sewer Tap Fees shall be paid to the Company upon application for sewer service. **If any of the property owners listed on the attached Exhibit B, or their successors, applies for sewer service for the property indicated on Exhibit B, said property owner will not be required to pay additional Tap Fees beyond those which were paid prior to the organization of the Company.**

5.2 Sewer Service Charges; Monthly or Quarterly Bills; Special Bills.

A. Monthly or Quarterly Bills. Monthly or Quarterly bills for Sewer Service shall be in the amounts set forth in the SCHEDULES OF RATES AND CHARGES, attached hereto, as the same may be amended from time to time by the Board. Charges for Sewer Service for a Lot commence on the date the Sewer Tap Fee for that Lot is paid, or in the case of an Unauthorized Connection, on the date when such connection was made. If the date of an Unauthorized Connection cannot be exactly determined, an approximation of the date when the Residence was first occupied shall be utilized for the purpose of determining when the Monthly Bills should have commence under an authorized connection. Monthly or Quarterly Bills may also contain any other authorized charges such as Turn On or Turn Off, Late Fee or Returned Check Charge.

B. Special Bills. A Special Bill may be levied during the year to meet unusual expenses of the Company affecting Members as determined to be necessary by the Board. In the case where a Special Bill is to be issued to all Members, the Board will determine the appropriate assessment method before the amount is billed, the due date, and any special delinquent fee that may be applied to the Special Bill. Special Bills may also be issued in the discretion of the Board for special circumstances and be directed to individual Members or Persons as provided by these Bylaws.

5.3 Unauthorized Connection or Turn On. It shall be unlawful for any Person other than employees or officials of the Company to initiate Sewer Service or make any connection to a Main. The Company shall have the right to recover all expenses incurred by the Company in connection with such illegal turn on or connection as well as any other remedies available under these Bylaws or the statutes of the state of Missouri. If the Person making the unauthorized connection is not a Member or Customer, the Company may institute appropriate civil or criminal proceedings.

5.4 Bills To Be Rendered to Owners of Lots. Except in the case of Billing in Tenant's Name as provided in Section 5.5 of these Bylaws, the Company will only render Monthly and Special Bills to the owner of a Lot.

5.5 Billing in Tenant's Name. An owner of a Lot may transfer the sewer service to the name of a tenant who is leasing the owner's residence, providing all of the following conditions are first satisfied:

A. The request for transfer of the service to the name of the tenant must be made in writing by the owner and tenant. The request may be made as a part of the lease.

B. The request for transfer of service to the name of the tenant must indicate whether the owner wished to be notified of any potential disconnection for non-payment by the tenant and be given the opportunity to pay the outstanding balance to avoid disconnection and have service returned to the owner's name.

C. The term of the lease shall be for not less than one (1) year.

D. The tenant shall pay a Security Deposit to the Company in an amount equal to the estimated charges for two months' service. The Security Deposit shall be retained by the Company until such time as the service is transferred back to the owner or to a different approved tenant under this procedure. The Company shall have the right to apply any Security Deposit against any unpaid bill owed by the tenant. If the Company makes use of the Security Deposit in this manner, the owner shall be deemed delinquent until the Security Deposit is replenished by the owner.

5.6 Termination of Service To a Tenant.

A. If service in the name of a tenant becomes delinquent and is scheduled for termination, and the owner of the Lot has not indicated pursuant to Section 5.5 that he wished to be notified of any potential disconnection for non-payment by the tenant and be given the opportunity to pay the outstanding balance to avoid disconnection, then termination shall proceed in the manner specified in Article VI.

B. If service in the name of a tenant becomes delinquent and is scheduled for termination, and the owner of the Lot has indicated pursuant to Section 5.5 that he wishes to be notified of any potential disconnection for non-payment by the tenant and be given the opportunity to pay the outstanding balance to avoid disconnection, then the Company, upon delinquency or default by the tenant, shall, prior to disconnecting service to the tenant's leased premises, mail written notice of the default to both the tenant and the owner, and the tenant and the owner shall have not less than ten business (10) days from the day of mailing or three business (3) days in the case of notice personally delivered, to pay the delinquent bills in lieu of disconnection of service.

5.7 Turn Off and Turn On Fees. A separate Turn off and Turn On Fee will be assessed each time a Customer requests the Company to turn sewer service off or on because of vacation, vacancy or any other reason. Turn Off and Turn On Fees will also be charged if the Company

disconnects or resumes service as a result of default in payment of any fees or other charges under these Bylaws. Customers are prohibited from turning their own service on or off. Turn off and Turn On Fees shall be in the amounts set forth in the SCHEDULE OF RATES AND CHARGES, attached hereto, as the same shall be amended from time to time by the Board.

5.8 Taxes. Applicable sales taxes and other taxes, fees, charges and impositions imposed by any governmental authorities having jurisdiction over the Sewer Service will be added to applicable bills. All such taxes, fees, charges and impositions are deemed to be a part of the charges for Sewer Service.

ARTICLE VI PAYMENT AND ENFORCEMENT

6.1 Bills, Billing Period and Payment. Normally, Quarterly Bills for Sewer Service will be sent to Customers at the beginning of each calendar quarter. Special Bills may be sent at any time at the determination of the Board of Directors. Payment is due upon receipt of the bill. The bill becomes delinquent if payment is not received within twenty (20) days after the billing date. The bill shall clearly show the date it is issued, the period which it covers or, in the case of Special Bills, the nature of the charge, the place where payment should be sent, the date on which it becomes delinquent, the amount of the delinquent fee, and the phone number Customers may use to reach the Company during normal business hours or for an after-hours emergency. Bills will be mailed to the Customer's last known address as shown in the records of the Company, but failure to receive the bill will not relieve the Customer from the obligation to pay same. Bills for service will be rendered in advance. If bills are rendered for a period of less than one month due to connection or termination or service, the billing shall be adjusted to reflect the proportionate part of the month.

6.2 Remedies for Late or Non-payment. If payment of the bill has not been received by the delinquent date, the Company shall have the following rights and remedies:

A. Late Fee. A one-time late fee in an amount specified on the SCHEDULE OF RATES AND CHARGES (or as determined by the Board of Directors in the case of a Special Bill) shall be applied to the Monthly Bill of any Customer who does not pay the bill by the delinquent dates. In the case of payments received by the Company by mail, if the envelope bears a postmark on or before the delinquent date, no late fee shall be assessed.

B. Shut-Off. The Company will have the right to issue a "Shut-Off Notice" and discontinue service as provided by these Bylaws.

C. Security Deposit. If the Customer has paid a bill after the delinquent date for five (5) of the previous twelve (12) months or if the Company has disconnected service, the Company shall have the right to require a Security Deposit as a condition of continued service or restoration of service. The Security Deposit shall be no more than twice the highest

previous bill actually incurred or estimated to be incurred by the Customer by the Company in the upcoming twelve (12) month period based on service at the same or a similar location. The Security Deposit shall be retained by the Company until such time as the Customer has demonstrated the ability to make timely payments by paying his bills prior to the delinquent date for twelve (12) consecutive months. The Company shall have the right to apply any Security Deposit against any unpaid bill. If the Company so applies the Security Deposit, the Customer shall be deemed delinquent until the Security Deposit is replenished. A Security Deposit also may be required of existing or former Customers who have previously been disconnected for nonpayment of service charges or for violation of any of the Bylaws.

D. Lien & Costs of Collection. If a Customer fails to make payment in full of any Sewer service Billing within 90 days of receipt of said invoice, the Company may file a lien against the real property being serviced and commence legal action for all unpaid amounts and collection costs incurred by the Company, including court costs and attorney fees.

6.3 Service Denied Until Charges Paid. No sewer service will be available until all charges, including all fees, rates, penalties and reimbursement for expenditures made by the Company have been paid.

6.4 Discontinuance of Service. The Company shall have the authority to discontinue sewer service for any of the following reasons:

- A. Failure to comply with these Bylaws.
- B. Nonpayment for a bill for sewer service (see Section 6.2);
- C. Resale by the Customer of sewer service;
- D. An Unauthorized Connection to Sewer System;
- E. Discharge of unauthorized waste into the Sewer System (See Section 3.6);
- F. Fraud or misrepresentation of identity by a Customer in applying for service;
- G. Failure to post a Security Deposit by the time or in the amount requested or to replenish any Security Deposit;
- H. Unauthorized interference with or diversion of sewer service;
- I. Failure to provide electricity to the effluent pump; or
- J. Less than full payment of a bill for Sewer Service.

6.5 Shut Off Notice. Before discontinuance of sewer service, the Company shall send a "Shut-Off Notice" to the Customer by personal delivery or by first class mail, advising the Person of the reason for the proposed discontinuance, stating the date of proposed Shut Off (which shall be at least ten (10) business days from the date of mailing, or three (3) business days in the case of notices personally delivered), stating the alleged violation, and providing the name, address and telephone number of a representative of the Company to contact to attempt to remedy the situation. In the case of situations where public health or safety are in jeopardy, or where there is the potential for damage to the Sewer System, the advance notice requirement shall be waived, and discontinuance may be immediate and without prior notice. In such situations, the Company shall provide written notice of the discontinuance to the Person or Customer as soon as practicable under the circumstances. Restoration of service shall not be made until the violation has been remedied to the satisfaction of the Company and all applicable charges, including Turn Off and Turn On Fees and damages have been fully paid.

6.6 Returned Checks. There will be a charge of not less than Fifty Dollars (\$50.00) assessed for each returned check issued to the Company. After a Customer has issued a check to the Company for Sewer Service or other charges and the check has not been accepted for payment by the Customer's bank on two (2) occasions, the Company shall have the right to demand payment for future sewer bills in cash or by money order.

6.7 Concurrent Jurisdiction. The Company and its personnel are hereby authorized and empowered to enforce any and all provisions of any governmental authority having jurisdiction over the Sewer System and any lawful order or direction of any such governmental authority, with the same force and effect as if such provision of order were set forth in these Bylaws.

6.8 Right of Entry. Duly authorized representatives of the Company, the Manager or the Engineer bearing proper credentials and identification shall be permitted entry upon all Lots at reasonable times for the purpose of inspecting, observing, measuring, sampling and testing or to effect any emergency maintenance, repairs or corrective procedures in connection with the enforcement and administration of these Bylaws. The foregoing shall not impose any obligation upon the Company, the Manager or Engineer to effect any maintenance, repair or corrective procedure. The Company and its representatives shall have the right to enter upon any Lot at any time, without prior notice, in emergency situations where immediate response or attention are deemed required for public health, safety or the integrity of the Sewer System.

6.9 Company Cure. If a Customer or Person fails within the specified time following notice to cure from the Company to cure the default or nonconformance stated in such notice, the Company may, in addition to and without waiving any other remedy, perform the work deemed necessary to cure and charge the Customer or Person for the actual costs incurred in connection therewith. In the case of a Customer, the Company may add those costs to the Monthly Bill. In the case of a Person who is not a Customer, the Company may directly bill the Person.

6.10 Injunctive Relief. In addition to and without waiving any other available remedy, the Company may seek injunctive relief from any act or omission which violates these Bylaws which jeopardizes the Sewer System or the health of any Person.

6.11 Unnecessary Excavation and Repair. If any Person reports a backup in a Service Line and attributes same to blockage or other condition of the Sewer System and the Company cannot, by any other reasonable means, determine the accuracy of such claim, the Sewer System will be excavated, if necessary, and inspected. If it is determined the Service Line backup was not caused by blockage or other condition of the Sewer System, the owner of the Lot served by the Service Line shall reimburse the Company for the cost of such excavation, inspection and related expenses, after being billed for same by the Company. If, as a part of the excavation and inspection, the Service Line is repaired, the Owner shall reimburse the Company for all costs of such repair, in addition to the excavation and inspection charges. Nothing herein shall obligate the Company to repair any such Service Line.

6.12 Civil Fines Pass Through. Any Person who, by act or omission, causes the Company to incur any fine, penalty or assessment to be imposed by any state, federal or governmental authorities shall be liable to the Company for the total cost of the fine so assessed. Such amounts shall be payable as a Special Bill authorized by the Board.

6.13 No Damages for Failure to Enforce. The purpose of the Bylaws governing the provision of Sewer Service is to establish an operating framework for the Company and its Customers for the exclusive benefit of the Company. Nothing herein shall create any right to damages against the Company, its Board of Directors, officers, agents or employees by reason of the Company's failure to enforce these Bylaws or mistake by the Company's agents in administering these Bylaws, and each Customer by taking Sewer Service consents to same.

6.14 Billing Errors. The Company shall not be bound by bills issued by mistake of fact as to the quantity of service rendered or by clerical error, and shall have the right to issue corrected bills.

ARTICLE VII. MAIN EXTENSIONS

7.1 Extensions of Mains. This Article is intended to apply in situations occurring after the initial installation of the Mains by the Company. The terms of this Article VII will apply to the installation or extension of Mains by any Person other than the Company. The Company reserves the right to extend Mains in situations which it determines may be in the best interests of the Company and its Members, upon such terms and conditions as the Company may reasonable determine, including any extension of Mains.

7.2 Approval Required; Improvements Agreement. No Person shall commence any construction to extend a Company Main without the prior written approval of the Company, following

formal application therefor, and upon compliance with these Bylaws. If required by the Company, any Person desiring to extend a Main shall enter into a written improvements agreement with the Company setting forth any or all terms and conditions applicable to any Main Extension.

7.3 Location. Main Extensions shall be installed only in utility easements granted to the Company, or in roads or streets which a city, county, State Highway Department, or other public agency has accepted for maintenance as a public right-of-way.

7.4 Easements. Easements necessary to cover Main Extensions not located in a public rights-of-way shall be granted at no cost to the Company upon such terms as the Company may reasonably require before construction of any such Main Extension begins. The following minimum requirements shall be in effect in connection with all such grants;

A. Legal Description. The Company shall be provided a legal description of all easement parcels to be granted by any single conveyance instrument, consisting of a printed legal description, certified by a land surveyor registered in the State of Missouri, and an accurate survey drawing of each parcel, including north arrow and scale, tying each parcel to a survey land corner or corner of a platted parcel of land.

B. Evidence of Title. The Company shall be provided suitable evidence of title, consisting of a title insurance policy or commitment date within 30 days before the date of submission to the Company. Evidence of title must show all current mortgages and deeds of trust, liens, and other encumbrances against the property.

C. Subordination Agreement. The Company may require a properly executed and acknowledged subordination agreement for any easement or right-of-way parcel to exempt the same from the lien of any mortgage or deed of trust. If so required, the Company will not accept the Main Extensions or other facilities for maintenance until it receives all required subordinations. The Company reserves the right to require additional or supplemental evidence of title when the subordination agreement is tendered to the Company for recording.

7.5 Right of Way Acquisition Costs. The Person desiring to extend a Company Main shall be responsible for and pay all costs and expenses associated with the acquisition and approval of all easements and rights-of-way necessitated thereby. These expenses include, but are not necessarily limited to, the Company's actual out-of-pocket costs incurred in connection with the review and approval of such easements and right of way.

7.6 Design and Construction. The Person desiring to extend a Main shall, at his sole cost, design, construct, and install all Main Extensions, including without limitation frontage extensions, reasonably required by the Company. All such work shall be in conformity with and subject to these Bylaws, all state and federal laws, and in particular, the Technical Standards and Specifications.

7.7 Plan Review and Approval. No construction of any Main Extension shall begin until after the plans and design therefor have been reviewed and approved by the Board and the Company's Engineer as conforming with applicable standards, and until after the Company has issued written notice that construction may begin. The Company and its Engineer shall make every effort to review the proposed work in a prompt and timely manner. Acceptance shall not be unreasonably withheld.

7.8 Construction Observation. The Company shall be notified at least forty-eight (48) hours before construction is commenced, and at any and all other times specified by the Company, for inspection or testing in any plan approvals or otherwise.

7.9 Conditional Acceptance. Upon completion of construction, a request shall be submitted to the Company or its Engineer for a preliminary inspection of the Main Extension. The Main Extension will qualify for Conditional Acceptance by the Company when all of the following conditions have been met:

A. Company Review. The Company Engineer has determined the Main Extension has been constructed and connected to Company facilities in conformity with these Bylaws, approved plans, construction notes and specifications, has passed all necessary tests, and has been approved for use by all other governmental entities and agencies having jurisdiction.

B. Contractor Requirements. Contractor has tendered and the Company, or its Engineer, has approved the following:

(i) Record Drawings of the utility extension plan, photographically reduced to 1" = 100' scale on mylar drafting film, and certified compaction test results;

(ii) Key map pages consistent in form and content with current Company requirements as to key maps showing the location of all component parts of the Main Extension, or other arrangements approved in writing by the Company have been made for the preparation thereof;

(iii) A 12-month maintenance bond, or other security approved by the Company, in an amount equal to ten percent (10%) of the costs of constructing the Main Extension, or such greater amount as may be reasonable determined by the Company on account of special circumstances of the particular Main Extension, or any portion thereof;

(iv) A duly executed written statement that all suppliers of labor and materials have been fully paid, with lien waivers attached;

(v) A duly executed written assignment of all manufacturer's warranties

on materials, if applicable;

(vi) All subordination agreements and partial releases required pursuant to this Article; and

(vii) Payment of all sums then due to the Company in connection with the Main Extension.

C. Approval: Tap Permits. The Company shall evaluate the request and give written notice to the Contractor of its action, stating any special conditions attached to the Conditional Acceptance, or the reasons for denial of the request, if applicable. No Taps or Service Connections to the Main Extension will be permitted, nor will the Company accept applications for such Taps, until the Company has given its Conditional Acceptance of the Main Extension as herein provided. Such acceptance shall not be unreasonably withheld.

D. Effective Date. Conditional Acceptance shall be effective as of the date the Company executes the Conditional Acceptance form. As of such date, the Main Extension shall be deemed operational, and any Person may apply to the Company for Tap Permits to such Main. The Company's acceptance of the Main Extension, whether conditional or final, does not, however, guarantee that Taps will be available. Availability of Taps is governed at all times by the provisions of these Bylaws, and such availability is determined in accordance therewith at the time proper application for service is made.

7.10 Maintenance and Repair. Until Final Acceptance of the Main Extension, Contractor shall be solely responsible for all routine maintenance and for correction of any and all defects in the Main Extension, as set forth below:

A. Routine Maintenance. Contractor shall, at its sole cost, protect the Main Extension and perform all routine maintenance thereon so as to keep it in good repair and operating condition. Such obligations shall include the repair or replacement of any part or parts thereof damaged as a result of street construction, paving, other utility installation or vehicular traffic. In addition, Contractor shall, at his sole cost, correct any soil subsidence or erosion which the Company determines occurred in connection with or as a result of construction of the Main Extension.

B. Cure of Defects and Deficiencies. Contractor shall, at his sole cost, correct, repair or replace any part or parts of the Main Extension which the Company reasonably determines were not constructed in conformity with these Bylaws, approved plans, construction notes or specifications, or which the Company determines to be defective, of poor or unworkmanlike quality, or otherwise not in conformity with any applicable warranty.

7.11 Acceptance for Maintenance (Final Acceptance).

A. Standard. Prior to the expiration of one year from the date of Conditional Acceptance (or any longer period of time reasonably determined by the Company on account of the particular circumstances) of the Main Extension or any portion thereof, Contractor may request the Company to perform a final inspection and accept the Main Extension for maintenance. Upon such request, the Company shall inspect the Main Extension and shall accept the same for maintenance when all of the following conditions are met:

(i) Company Review. The Company determines that the Main Extension has been constructed and connected to Company facilities in conformity with these Bylaws, approved plans, construction notes and specifications, has passes all necessary tests and has been approved for use by all other governmental entities and agencies having jurisdiction.

(ii) Maintenance and Repair. Contractor has fully performed all maintenance and repair obligations imposed upon it during the period of Conditional Acceptance.

(iii) Owner Requirement. Contractor has tendered and the Company has approved all of the following:

(a) A verified statement of Actual Cost of the Main Extension, itemized as the Company may require;

(b) Any and all deeds, bills of sale, or other conveyance instruments necessary to vest title to all component parts of the Main Extension in the Company with warranties of title as provided in these Bylaws;

(c) All drawings, maps and construction notes pertaining to any changes in the Main Extension made during the period of Conditional Acceptance;

(d) Payment of all sums due to the Company from Contractor on account of the Main Extensions; and

(e) Lien waivers in form acceptable to the Company by all Persons providing labor or materials and all contractors or others entitled to mechanics liens, against facilities and properties included in the Main extension.

B. Effective Date. The Company's final acceptance of the Main Extension for maintenance shall be effective as of the date the Company executes the Final Acceptance

form. As of such date, all of Contractor's right, title and interest in and to the constructed Main Extension, shall immediately pass to and vest in the Company, free and clear of all liens and encumbrances, and Contractor shall warrant and defend conveyance of such Main Extension to the Company, its successors and assigns, against all and every Person or Persons whomsoever. As of the date of Final Acceptance, the Company shall operate and maintain the Main Extension at its expense. Nothing contained herein, however, shall be construed to relieve Contractor from its warranty obligations set forth in these Bylaws or in any separate agreement. Nothing herein is to be construed as making Company responsible for any Service Lines, Customer's Exterior Piping, or Customer's Interior Piping.

ARTICLE VIII CONSTRUCTION STANDARDS

8.1 General Construction Standards. All excavations and other work on Mains, Main Extensions, Taps or other portions of the Sewer System shall be performed in conformity with and are subject to the requirements and conditions set forth below.

A. Compliance. Contractor shall comply with all of these Bylaws, the Technical Standards and Specifications, specific instructions from representatives of the Company, and those laws, ordinances, rules and regulations imposed by any governmental authorities having jurisdiction over the Sewer System.

B. Safety. It shall be Contractor's responsibility to determine, initiate, maintain and supervise all measures necessary to protect the public during construction.

C. Permits. The Contractor shall be solely responsible for obtaining any and all permits required for the work from other governmental entities or agencies having jurisdiction over the Contractor's work.

D. Subsurface Structures. The Company shall make available to the Contractor Record Drawings showing the location of its facilities in the vicinity of the work, but the Contractor shall be finally and solely responsible for determining the existence and location of all subsurface structures in such area, and shall indemnify and hold the Company harmless against any and all claims for damages to any such structures.

E. Warranty. All materials and workmanship furnished by the Contractor shall conform to the provisions of the Technical Standards and Specifications and to all plans and designs approved by the Company, and shall be free from all defects due to faulty or non-conforming materials or workmanship.

F. Inspections. Inspections and testings may be performed by the Company's representative during normal weekday business hours. Whenever an inspection or testing is

required by a specific provision of these Bylaws or by the terms of any permit or plan approval, the Contractor shall give the Company such notice as is required and shall not cover or otherwise obscure the work to be inspected until the inspection has been made. If required by the Company, the Contractor shall uncover or otherwise make such work accessible for inspection when ordered to do so by the Company. The inspections, testing and reviews performed by the Company are for the sole and exclusive benefit of the Company and nothing herein contained shall create any right to damages against the Company, its Board of Directors, officers, agents or employees by reason of any inspections, testing, or reviews required or authorized by these Bylaws, or by reason of the issuance of any approval or Permit for any work subject to this Section.

G. Independent Investigation. Contractor shall thoroughly examine the work site to ascertain for himself all soil, geological, groundwater and other conditions to be encountered which might affect the work being undertaken. The Contractor shall enter into such work relying on his own investigation and information, and not on any statements or representations, if any, that have been made by the Company.

H. Indemnification. By undertaking any work subject to this Section, Contractor agrees to indemnify and hold harmless the Company from any and all liability, claims, and demands, on account of injury, loss, or damage, including without limitation claims arising from bodily injury, personal injury, sickness, disease, death, property loss or damage, or any other loss of any kind whatsoever, which arise out of or are in any manner connected with any work which is subject to these Bylaws if such injury, loss, or damage is caused in whole or in part by, or is claimed to be caused in whole or in part by, the act, omission, error, professional error, mistake, negligence, or other fault of Contractor, or which arises out of any Worker's Compensation claim of any employee of or any other Person claiming through the Contractor. Contractor shall investigate, handle, respond to any and all claims, and provide defense for the Company at the sole expense of Contractor. The Contractor also shall bear all other costs and expense related thereto, including court costs and attorney fees, whether or not any such claims or demand alleged are groundless, false, or fraudulent.

I. Record Drawings. Upon completion of the work, Contractor shall submit to the Company Record Drawings.

8.2 Insurance. Contractor shall not commence work on the Sewer System until insurance as provided hereunder has been obtained and certificated evidencing the same have been issued by the respective insurance companies to the Company.

A. Scope of Coverage. Contractor shall procure and maintain, at its own cost, a policy or policies of insurance sufficient to insure against all liability claims, demands, and other obligations assumed by Contractor pursuant to this Article. Contractor shall not be relieved of an liability, claims, demands, or other obligations assumed pursuant to this Article by reason of its failure to procure or maintain insurance, or by reason of its failure to procure

or maintain insurance in sufficient amounts, durations, or types.

B. Types of Coverage. Contractor shall procure and maintain, and shall cause all of its subcontractors to procure and maintain, the minimum insurance coverages listed below. Such coverages shall be procured and maintained with policies and insurers acceptable to the Company. All coverages shall be continuously maintained to cover all liability, claims, demands, and other obligations assumed by Contractor pursuant to this Article. In the case of any claims-made policy, the necessary retroactive dates and extended reporting periods shall be procured to maintain such continuous coverage.

(i) Worker's Compensation insurance to cover obligations imposed by applicable laws for any employee engaged in the performance of work under this Article in such minimum amounts as required by law. If the Contractor shall fail to obtain or maintain adequate workers compensation insurance coverage, Contractor shall indemnify and hold the Company harmless from and against any claims, including all awards, costs, and expenses including attorneys' fees incurred by the Company as a result of any claims made by any of its employees or subcontractors or subcontractor's employees.

(ii) General Liability insurance with minimum combined single limits of ONE MILLION DOLLARS (\$1,000,000) each occurrence and THREE MILLION DOLLARS (\$3,000,000) aggregate. This policy shall be applicable to all premises and operations. The policy shall include coverage for bodily injury, broad form property damage (including complete operations), personal injury (including coverage for contractual and employee acts), blanket contractual, independent contractors, products, and completed operations. The policy shall include coverage for explosion, collapse, and underground hazards. The policy shall contain a severability of interests provision.

(iii) Comprehensive Automobile Liability insurance with minimum combined single limits for bodily injury and property damage of not less than ONE MILLION DOLLARS (\$1,000,000) each occurrence and THREE MILLION DOLLARS (\$3,000,000) aggregate with respect to each of Contractor's owned, hired or non-owned vehicles assigned to or used in performance of the services. The policy shall contain a severability of interests provision.

(iv) Professional Liability insurance with minimum limits of THREE HUNDRED THOUSAND (\$300,000.00) each claim and SIX HUNDRED THOUSAND (\$600,000.00) aggregate.

C. Miscellaneous. The policies shall be endorsed to include the Company and its

officers and employees as additional insureds. Every policy required above shall be primary insurance, and any insurance carried by the Company shall be excess and not contributory insurance to that provided by Contractor. Contractor shall be solely responsible for any deductible losses under any policy required above.

D. Enforcement. Failure on the part of Contractor to procure or maintain policies providing the required coverages, conditions, and minimum limits shall constitute cause for issuance of a Stop Work Order hereunder. In addition, without waiving any other available remedy, the Company may procure or renew any such policy or any extended reporting period thereto and may pay any and all premiums in connection therewith, and all monies so paid by the Company shall be charged to and paid by Contractor.

8.3 Required Submittals. No Contractor shall begin any excavation or any other work on any Main, Main Extension, Tap, or any other portion of the Sewer System until the Contractor has obtained a Permit therefor, and has submitted, in addition to any other materials required elsewhere herein, the following, approved as to form by the Company:

A. Written Agreement. A writing duly signed by Contractor (i) acknowledging his consent to be bound by the provisions of the Article; (ii) warranting that the work will conform to such provisions and will be free from defects due to faulty or nonconforming materials and workmanship; (iii) agreeing to indemnify the Company as provided in this Article; and (iv) agreeing to pay any and all applicable fees and charges provided by these Bylaws in connection with the work.

B. Insurance Certificates. Certificates prepared by Contractor's insurance agent in a form satisfactory to the Company evidencing that policies providing the required coverages, conditions, and minimum limits are in full force and effect. The certificate shall identify the work being performed and shall provide that the coverages afforded under the policies shall not be canceled, terminated or materially changed until at least thirty (30) days' prior written notice has been given to the Company. The Company reserves the right to request and receive a certified copy of any policy and any endorsement thereto.

C. Fees. The full amount of all fees payable in advance, or any required costs deposits, or both.

8.4 Stop Work Orders. The Company may revoke any Permit for work and issue a Stop Work Order upon a determination that the Contractor has violated or has failed to meet any condition of the approval, any provision of this Article or any other standard, specification, or rule imposed by the Company or a governmental entity having jurisdiction over the Sewer System. A Stop Work Order may be issued orally or in writing by the Manager or Company's Engineer, and shall take effect immediately upon the issuance thereof, and remain in full force and effect until rescinded in writing by the Company. When issued orally, it shall be confirmed in writing within three (3) business days. It is a violation of the terms of any Stop Work Order issued pursuant to this Section except such as

may be permitted by the Company in order to render the construction site safe and secure.

8.5 Defective Work. If the Company determines that any part of the work was not performed in conformity with these Bylaws or approved plans, or is defective, or poor or unworkmanlike quality, or other wise not in conformity with any applicable warranty, it may give written notice thereof to the Contractor. Such notice shall specify the non-conformity, direct the Contractor at its cost and subject to this Article to perform specified curative work, and specify the period of time determined by the Company reasonably necessary for completion of the curative work. If the Contractor fails within the time stated following such notice to cure the nonconformity specified therein, the Company, in addition to and without waiving any of its other remedies, may perform the work and charge the Contractor for its actual costs incurred in connection therewith.

8.6 Fees. Contractor will pay the Company all reasonable fees imposed and assessed by the Company for permits, reviews, inspections, tests, approvals, and any other undertakings performed by the Company, its Manager or its Engineer or its professional consultants in connection with the administration and enforcement of these Bylaws.

8.7 Individual Systems Prohibited; Exemptions. The Company prohibits its Members from operating or maintaining individual wastewater or sewer systems. During the initial construction of the Mains, however, or during the construction of a Residence after the initial construction of the Mains but before a Service Line is established for a Residence, the Company may permit temporary toilet facilities or the operation of individual septic tanks to be used in accordance with regulations of appropriate governmental authorities, but as soon as a Residence is connected to the Sewer System, such use shall be abandoned, and all evidence thereof shall be properly covered or disposed of.

8.8 Record Drawings. Contractors providing Record Drawings represent and warrant their accuracy. The Company does not independently verify any such drawings or information, and therefore does not warrant their accuracy.

ARTICLE IX. GENERAL PROVISIONS

9.1 Damages and Indemnity. No Person shall maliciously, willfully or negligently break, damage, destroy, uncover, deface or tamper with any structure, appurtenance or equipment which is a part of the Sewer System. Any Person violating any of the provisions of these Bylaws shall be liable to the Company for any expense, loss or damage to the Company or its property occasioned by reason of such violation, and shall indemnify the Company and its Members against, and hold it and its Members harmless from and against any expense, loss or damage occasioned by any other Person by reason of such violation. The Company may issue a Special Bill for any such expense, loss or damage.

9.2 Limitation of Liability of Company. The Company shall not be liable for, and no claim shall be made against the Company for damage to personal or real property of whatever nature or description resulting from any cause related from turning such service on or off; wastewater escaping from broken or damaged piping or valves, or other facilities. The owner and occupants of the premises being served shall be liable for all expense, loss, or damage resulting from failure to repair any leaks or break in the Customer's Internal Piping, Customer's External Piping or Service Line to the premises. All Members are encouraged to obtain insurance to insure against all such risks.

9.3 Authorized Entry. The Company's Manager, the Company's Engineer and other duly authorized employees of the Company bearing proper credentials and identification shall be allowed to access at all reasonable hours to any building or premises serviced by the Sewer System for the purpose of inspection, observation, measurement, sampling, and testing, in accordance with the provisions of these Bylaws.

9.4 Notice of Excavations. In accordance with Chapter 319 RSMo, any Person who excavates in any area where the Sewer System is located shall give notice to the Company of the date, extent and duration of such excavation. The notice shall be given not less than two business days before the beginning of any such work.

9.5 Criminal Penalties. Nothing in these Bylaws shall limit or reduce any criminal penalty that may be applicable.

9.6 Severance. If any section, subsection, paragraph, clause, or other provision of these Bylaws shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, subsection, paragraph, clause, or other provision shall not affect any of the remaining provisions.

9.7 Terminology. As used in these Bylaws, the term "shall" is mandatory and the term "may" is permissive. The use of the male gender in any of these Bylaws shall also encompass the female gender and the use of a plural term shall encompass the singular thereof, and vice versa. The headings shown in these Bylaws are for convenience only and shall not be construed to conflict with the terms of the text itself.

9.8 Revisions to Bylaws. These Bylaws, including all SCHEDULES OF RATES AND CHARGES, and other fees, penalties and charges may be altered, amended or repealed by the Board of Directors with or without advance notice to the Members. Such alterations, amendments and re-enactments shall apply to all Members, Contractors, Customers, and Persons then or thereafter using the facilities or services of the Company. For purposes of these Bylaws, revisions thereto shall be shall be considered as amendments.

9.9 Change in Location of the Company's Office. In accordance with Section 393.833 RSMo, the Company may, upon authorization of a majority of the Members at any regular or special meeting, change the location of its principal office by filing a certificate of change of principal office,

executed and acknowledged in duplicate by its president or vice president under its seal attested by its secretary, in the office of the Missouri Secretary of State. Within thirty (30) days after the filing of such certificate of change of principal office, the Company shall file certified copies of its articles of incorporation and all amendments thereto, if the same are not already on file with the Missouri Secretary of State.

9.10 Rules of Order Apply. The Board and the Members shall conduct the business of the Company in accordance with the latest revision of Roberts' Rules of Order.

9.11 Amending Articles of Incorporation. The Articles of Incorporation of the Company may be amended by complying with the provisions of Section 393.831 RSMo, as the same may be amended from time to time.

9.12 Amending the Bylaws. The Bylaws of the Company may be amended or repealed by a majority vote of the members of the Board of Directors then in office.

9.13 Indemnification. The Company shall indemnify each person whom it may indemnify to the fullest extent permitted by Sections 355.471 and 355.476, RSMo; and, the Company may purchase and maintain such insurance to the fullest extent permitted by Sections 355.476 and 355.496, RSMo.

9.14 Adoption. These initial Bylaws are hereby adopted by the Board of Directors of the Company as of the date signed by the original Directors.

9.15 Limitation of Authority. Employees or agents of the Company are expressly forbidden to demand or accept any compensation for any service rendered by the Company except as provided in these Bylaws. No employee or agent of the Company shall have the right or authority to bind it by any promise, agreement, or representation contrary to the intent of these Bylaws. No employee or agent of the Company shall have the right or authority to bind it by any promise, agreement, or representation unless by the express authority of the Board of Directors.

ARTICLE X. MEMBERSHIP AND MEETINGS OF MEMBERS

10.1 Definition of Member. A Member of the Company shall be as defined in the Definitions in these Bylaws. Any owner of land within the Service Area who is a Customer of the Company and receiving wastewater service shall be deemed a Member. A Member shall also be one who has executed, and paid the amount of money established by, a Subscription Agreement. For purposes of voting pursuant to these Bylaws on any matters concerning the Company, a Member shall have no more than one (1) vote for each Lot owned by the Member which is connected to the sewer system. The Board may demand proof of ownership of a Lot in the Service Area before a vote cast by a Member shall be counted.

10.2 **Voting Rights.**

10.2a **One Vote Per Connection Rule.**

There shall be only one (1) vote per connection to the Sewer System. Irrespective of the number of Customers that are being served by a particular connection to the Sewer System, only one(1) vote can be cast for that connection. For example, a husband and wife who own a Lot served by a connection to the Sewer System shall have only one vote to cast between them. A Person owning multiple Lots within the Service Area shall be entitled to one (1) vote for each connection to the Sewer System. For example, a husband and wife who own three Lots, each of which are served by a separate connection to the Sewer System, shall be entitled to three votes to cast between them.

10.2b **No More Than One Vote Per Lot.**

The preceding section notwithstanding, a Member who owns a Lot with more than one connection to the Sewer System shall not be entitled to more than one vote. For example, if two residences are constructed on one Lot and each residence has a connection to the Sewer System, the Member shall have only one vote for those two connections since they are located on one Lot.

10.2c **Eligibility.**

To be eligible to vote, a Member must own the Lot in the Service Area where the connection is located. The Board may demand proof of ownership of the Lot before a vote cast by a Member may be counted. Only Members in good standing shall be entitled to vote as to each matter on which Members may vote. Members who are delinquent in the payment of obligations due the Company, or in violation of any rules, regulations or bylaws of the Company are not in good standing and are ineligible to vote.

10.3 Each Member in good standing shall be entitled to one (1) vote as to each matter on which Members may vote as long as said Member is current on all financial obligations to the Company. There shall only be one vote per Customer household.

10.4 **Approval and Eligibility of Membership.** Applications for membership shall be approved upon the execution of a Subscription Agreement, the payment of all sums due thereunder, and an affirmative simple majority vote of the Board at any regular or special meeting of the Board. The Company's obligations under any Subscription Agreement will not be effective until the application for membership is approved. If an application for membership is disapproved, the Subscription Agreement shall be deemed void and all sums paid thereunder shall be returned to the applicant.

10.5 **Termination of Membership.** Membership in this Company may be terminated by the Board of Directors for any of the following reasons:

- A. Sale of a Lot so as to be no longer eligible due to change in residence;
- B. failure to pay the amount in the Subscription Agreement, or other charges, bills

or assessments;

C. failure or refusal to use the services made available by the Company; or

D. any other reason by majority vote of the Board.

E. For purposes of this section the term "sale" shall not include a transfer to a trust in which the Member is a grantor, trustee or beneficiary, (a Grantor's Trust) nor shall it include a nonprobate transfer authorized by Chapter 461, RSMo 2000, as it may be amended, (the Nonprobate Transfers Law of Missouri) to a Grantor's Trust.

There will be no refund of sums paid under or pursuant to a Member's Subscription Agreement if membership is terminated pursuant to this section.

ARTICLE XI. MEMBERS

11.1 Membership Not Transferable. Membership in this Company is not transferable from a Member to another Person by action of the Member. Membership is only accomplished by approval of the Board as provided herein.

11.2 Annual Meeting of Members. - 2nd Saturday in May - 10 am - 11 am

A. An annual meeting of the Members shall be held on the second Saturday in May at 10:00 am at a time and place as may be designated by the Board. Notice of the annual meeting shall be provided as specified in these Bylaws. The annual meeting shall be held at a location that is reasonably convenient to the Subdivision and in a forum which can accommodate the attendance of all Members. The annual meeting shall conclude at or before 11:00 am. If necessary, the meeting shall adjourn at 11:00 am and be continued to another date and time. The Board in its discretion may postpone the annual meeting date for a period not to exceed sixty (60) days.

B. Mandatory Subjects. At each annual meeting of the Members, the Officers shall make the following reports or disclosures:

- (i) The President shall report generally on the state of the Company.
- (ii) The Treasurer shall distribute a copy of the most recent financial statement of the Company to the Members and be available to answer questions thereon.
- (iii) The President shall report whether there is any pending patronage dividend recommended by the Board, the amount thereof, and the manner of

distribution thereof.

11.3 Special Meetings of Members. In accordance with Section 393.839 RSMo, special meetings of the Members may be called by the Board, by any three directors, by not less than thirty (30) percent of the Members, or by the President. Notice of any special meeting of the Members shall be provided as specified in these Bylaws.

11.4 Requirements for Notice of Meetings. In accordance with Section 393.839 RSMo, written or printed notice of the time and place of each annual or special meeting of the Members shall be given by personal delivery or by mailing the same to the last known address of each Member, not less than ten (10) not more than twenty-five (25) days before the date of such meeting. The notice of any special meeting shall set forth the subjects to be considered and no business affecting the general interest or welfare of the Company shall be transacted except as specified in such notice. At the discretion of the Board, the notice of any annual meeting may or may not contain the subjects to be considered. **Notice to members of meetings can be transmitted by electronic mail to members who consent to such notice in advance.**

11.5 Matter on Which Members May Vote. Members shall be entitled to vote on the following matters:

- A. Election of the members of the Board of Directors;
- B. whether the Directors shall receive any salary for their service as directors,
- C. whether any patronage dividend recommended by the Board pursuant to Section 393.849 RSMo and Section 13.2 hereof shall be distributed to the members, the amount thereof, and the manner of distribution thereof; and
- D. any other matter which, in the discretion of the Board of Directors, may be submitted to the Members for a vote at an annual or special meeting.

11.6 Quorum. A quorum at any regular or special meeting of the Members shall consist of not less than twenty (20) percent of the Members, present in person or by proxy. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice. The number of people required to be present at the subsequent meeting in order to constitute a quorum shall be not less than ten (10) percent of the Members, present in person or by proxy.

11.7 Notices to Members. Any written notice, billing or correspondence required by these bylaws to be sent to a Member shall be deemed sufficiently served and delivered if addressed to the last known address of the Member according to the Company's records and placed in the United States mails, first class postage prepaid. Notice may be by electronic mail with the advance written permission of the Member.

ARTICLE XII
BOARD OF DIRECTORS

12.1 Purpose; Qualification.

A. Qualification. The business and affairs of the Company shall be managed by a Board of Directors consisting of five (5) Directors. The Board of Directors may exercise all of the powers authorized to the Company that are not specifically reserved to the Members. Any Member in good standing of the Company, who is over the age of twenty-one (21) years, and has been a customer of the Company for one full calendar year is eligible to be elected or appointed to the Board of Directors. A person over the age of twenty-one (21) years who is an authorized officer or trustee of a Member in good standing, which is a corporation, trust or other private entity, is also eligible to be elected or appointed to the Board of Directors.

B. Affiliation with Big Island Water Company. Since many issues pertinent to the Big Island Sewer Company are also relevant to the Big Island Water Company, each director of the Big Island Sewer Company must also be a Member in good standing of the Big Island Water Company. The Board of Directors elected by the Big Island Water Company shall also serve as the Board of Directors for the Big Island Sewer Company.

12.2 Composition of First Board of Directors after Organization. The initial Board of Directors of the Company following the organizational meeting of the Company shall be: **Pamela Holstead, William Burford, Gail Snyder, Don Bracken, and Jim Grayum.**

12.3 Classes and Terms of Directors.

A. Classes. The initial Board of Directors shall be divided into three classes as required by Section 393.843 RSMo, and shall be designated as follows:

Class 1 director(s): **Pamela Holstead , William Burford**
Class 2 directors: **Don Bracken , Jim Grayum.**
Class 3 directors: **Gail Snyder**

B. Terms. The initial term of all Class 1 directors shall expire when their successor is elected and qualified at the annual meeting held during 2007. The initial term of all Class 2 directors shall expire when their successor is elected and qualified at the annual meeting held during 2008. The initial term of all Class 3 directors shall expire when their successor is elected and qualified at the annual meeting held during 2009. After the initial term of each Director, terms of all subsequently elected and qualified Directors shall be until the third succeeding annual meeting (i.e., three year terms) at which a successor is elected and

qualified.

12.4 Election of Directors. At each annual meeting, the Members shall be entitled to vote on filling the terms of the directors in each class whose terms are expiring.

12.5 Vacancies. Vacancies occurring in the Board of Directors in the interim between annual meetings shall be filled by the Board of Directors. A Director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

12.6 Quorum. A majority of the Board of Directors shall constitute a quorum for the conducting of any business of the Board. Unless otherwise provided in the Bylaws, any action of the Board shall take an affirmative simple majority vote of the Directors present.

12.7 Duties and Powers of the Board. Except as otherwise provided in Chapter 355, RSMo, or Sections 393.825 to 393.861 RSMo, or the Articles of Incorporation, or these Bylaws, all of the Company's powers shall be exercised by or under the authority of, and the affairs of the Company managed under the direction of, its Board of Directors. The Board of Directors shall exercise such powers and perform such duties as may be necessary and appropriate for the proper operation and management of the Company. Without limiting the generality of the foregoing, the Board shall have the power to:

- A. Supervise and control the finances of the Company;
- B. establish and approve the annual operating budget of the Company;
- C. establish the rates and charges of the Company in the provision of Sewer Service;
- D. annually elect the officers of the Company;
- E. determine the time and place of the regular and special meetings of the membership;
- F. contract with any other Person or entity for any services needed by the Company, including but not limited to legal, accounting, engineering, operation or day to day management services;
- G. perform other such duties as may be allowed by these By-Laws or by the Members; and,
- H. exercise all of the powers which a board of directors may exercise pursuant to the authority of Chapter 355, RSMo, as though those powers were expressly set forth herein.

12.8 Meetings of the Board. An annual meeting of the Board shall be held in conjunction with the Annual Meeting of the Members. Regular meetings of the Board shall be held each calendar quarter. Special meetings of the Board shall be held as called by the President or a majority of the Board.

12.9 Nominating Committee. The President shall appoint a nominating committee to report the annual meeting of the Members and the annual meeting of the Board of Directors. The nominating committee shall present a slate of candidates to the Members for election to the Board of Directors. Nominations for election to the Board may be made by any Member and nominations for any office may be made by any Director.

12.10 Compensation of Directors. Members of the Board of Directors shall serve without salary. Board members who incur out of pocket expenses for the benefit of the Company may, after a vote of the Board, be reimbursed.

12.11 Removal of Directors from Office. Directors may be removed from office at any time for any reason by a vote of fifty percent (50%) of the total Membership at any special meeting called for such purpose. If such a vote is taken, the Members shall immediately take nominations and elect a successor and this provision shall control instead of Section 11.5 in such situation.

ARTICLE XIII. OFFICERS OF THE COMPANY

13.1 Officers. The officers of the Company shall be a President, Vice-President, Secretary and Treasurer. The offices of Secretary and Treasurer may be held by the same person and that person need not be a customer or member of the Board. The Board of Directors may appoint an Assistant Secretary-Treasurer and that person need not be a customer or member of the Board. The officers shall be elected annually at the annual meeting of the newly-elected Board, by an affirmative majority vote of the members of the Board.

13.2 Vacancies. A vacancy in any single office may be filled for the unexpired term by an affirmative majority vote of the remaining members of the Board present at any regular or special meeting. If there is a vacancy in the offices of President and Vice-President simultaneously, the Secretary or the Treasurer, or in their absence, the Assistant Secretary or Assistant Treasurer, shall cause a notice of a special meeting of the Members to be called for the purpose of filling the vacancies and shall preside at such a special meeting. Nominations for those vacant offices shall be allowed from the Members without necessity of a nominating committee.

13.3 Duties of the President. The President of the Company shall be the Chief Executive Officer and have general charge of the affairs of the Company under the direction of the Board. The

President shall preside at the annual and special meetings of the Members and all meetings of the Board. The President shall perform such other duties as may be assigned to him by the Board or as prescribed by the Bylaws.

13.4 Duties of the Vice President. The duty of the Vice President shall be to act in the absence of the President and to perform such other duties as may be assigned by the President or by the Board.

13.5 Duties of the Secretary. The duties of the Secretary shall be:

- A. to keep the records of the Company;
- B. to take and preserve the minutes of the Annual Meeting of the Membership and of all meetings of the Board;
- C. to notify Members of the Annual Meeting and any special meetings of the Members;
- D. to be responsible for any annual or special filing with governmental authorities necessary to maintain the status of the Company under Missouri law;
- E. to comply with any requirements of Chapter 319 RSMo, and in particular Sections 319.023 and 391.024 RSMo regarding the obligations of owners of underground facilities to record notice of the location of their facilities and to provide notice to excavators as required by law; and
- F. such other duties as may be assigned by the Board.

13.6 Duties of the Treasurer. The duties of the Treasurer shall be to supervise the preparation, preserving, compilation and submission of financial and other similar reports to the Board; to supervise the collection of all monies due the Company; and the payment of all bills of the Corporation upon order of the Chairman or the Board.

13.7 Compensation of Officers. Officers shall serve without salary. Officers who incur out of pocket expenses for the benefit of the Company may, after a vote of the Board, be reimbursed.

13.8 Removal of Officers from Office. Officers may be removed from office at any time for any reason by a vote of two-thirds of the Members voting at any special meeting called for such purpose. If such a vote is taken, the Members shall immediately take nominations and elect a successor and the provision shall control instead of Section 12.2 in such situation.

ARTICLE XIV.
FINANCIAL OPERATIONS OF THE COMPANY

14.1 Financial Responsibility. It shall be the responsibility of the Officers and the Board of Directors to establish rates and charges which shall, to the extent reasonably foreseeable by the Board and Officers, produce revenues sufficient for the sound financial operation of the Company, including revenues sufficient to defray the expenses of the Company for the operation and maintenance of its facilities, interest and principal on any debt obligations of the Company, the maintenance of a reasonable sufficient reserve fund for unexpected contingencies, an amount necessary for working capital, reserves for future capital expenditures, and communications to the Members.

14.2 Fiscal Year. The fiscal year of the Company shall be the 12 months ending December 31 of each year.

14.3 Patronage Dividends; Refunds of Excess Revenues. To the extent that the Board determines that it has received revenues in any fiscal year which are in excess of the amount reasonably necessary to fulfill the obligations set out in Section 13.1 and Section 393.849 RSMo, the Board shall have the authority to declare a patronage dividend to be distributed to the Members, past or present, in a manner to be determined by the Board which gives due consideration to the amounts paid by any respective Members during such fiscal year.

14.4 Refunds to Members of Certain Advance Costs. In addition to the patronage refunds permitted by Section 393.849, RSMo and these bylaws, Members shall be entitled to a share of any refund(s) paid by Adjacent Sewer Companies to the Company for costs advanced by the Company pursuant to Section 1.8 for construction of the Adjacent Sewer Company's Main extensions or capacity additions. Each Member shall be entitled to a pro rata share of the refund based upon the amount paid by the Member either as part of a Subscription Agreement or Special Bill and the total cost of the Main extension or capacity addition. Termination of a Member shall not disqualify the Member from receiving the share of the refund allowed by this section. Any refund check issued by the Company pursuant to this section that is returned for lack of a Member's address or forwarding address and unclaimed for 90 days, shall at the option of the Company, become the property of the Company.

14.5 Disposal of Assets. Other than as a part of a dissolution of the Company, which is governed by Sections 393.853 or 393.855 RSMo, the Board of Directors shall not have the authority to sell, transfer, trade or otherwise dispose of any assets of the Company worth more than \$15,000 without first submitting the proposition to a vote of the Members at any annual or special meeting.

Adoption of Bylaws:

IN WITNESS WHEREOF, the above bylaws are hereby unanimously adopted by the
initial Board of Directors on this ____ Day of _____, 2006.

Pamela Holstead

Gail Snyder

Don Bracken

Jim Grayum

William Burford

SPECIMEN ONLY
SCHEDULE OF RATES AND CHARGES
(Not Effective until approved and activated by Board of Directors)

This schedule of rates and charges may be changed by the Company at any time in the manner provided in these Bylaws.

1. SEWER TAP FEE

Residence: \$4,800 plus the cost of installation

2. QUARTERLY BILL FOR SEWER SERVICE

Residence: \$63 (\$21 PER MONTH X 3 = \$63)

3. TURN ON AND TURN OFF FEES: With 48 hours notice and scheduled for a Monday, Wednesday, or Friday, the TURN ON and TURN OFF fee will be \$35.00 for each Turn On or Turn Off, unless the Turn On and Turn Off occur within one hour of each other. (See Section 5.7) NOTE: If water and sewer are BOTH turned on or off at the same time, only one fee will apply.

With less than 48 hours notice or if scheduled for a day other than Monday, Wednesday, or Friday the TURN ON and TURN OFF FEE shall be \$60.00.

4. LATE FEE: \$20.00 for each payment that is received by the Company after the delinquent date in an envelope postmarked after the delinquent date.. (See Section 6.2A).

5. RETURNED CHECKS: \$50.00 per returned check.

6. NEW CONSTRUCTION INSPECTION FEE:

\$ _____ With 48 hours notice

\$ _____ With less than 48 hours notice

EXHIBIT A - Service Area

Page 1 of 3 pages

ALL OF THAT PROPERTY LOCATED IN SECTIONS 1 AND 12, TOWNSHIP 38 NORTH, RANGE 18 WEST, AND SECTION 6, TOWNSHIP 38 NORTH, RANGE 17 WEST AND SECTION 31, TOWNSHIP 39 NORTH, RANGE 17 WEST, CAMDEN COUNTY, MISSOURI LYING ABOVE CONTOUR ELEVATION 662 FEET MORE PARTICULARLY DESCRIBED AS FOLLOWS:

PORTAGE PARK SUBDIVISION UNIT ONE

PART OF THE SOUTHWEST ONE-QUARTER OF THE SOUTHEAST ONE-QUARTER SECTION 1, TOWNSHIP 38 NORTH, RANGE 18 WEST AND PART OF THE NORTHWEST ONE QUARTER OF THE NORTHEAST ONE QUARTER AND PART OF THE NORTHEAST ONE QUARTER OF THE NORTHWEST ONE QUARTER OF SECTION 12, TOWNSHIP 38 NORTH, RANGE 18 WEST, CAMDEN COUNTY MISSOURI, LYING ABOVE CONTOUR ELEVATION 662 FEET, AS SHOWN ON THE PLAT OF PORTAGE PARK SUBDIVISION, UNIT ONE, RECORDED SEPTEMBER 9, 1947 IN BOOK 5, PAGE 48 OF THE CAMDEN COUNTY RECORDS.

PORTAGE PARK SUBDIVISION UNIT THREE

PART OF THE SOUTHEAST ONE-QUARTER AND THE NORTHEAST ONE QUARTER OF SECTION 1, TOWNSHIP 38 NORTH, RANGE 18 WEST, CAMDEN COUNTY, MISSOURI LYING ABOVE CONTOUR ELEVATION 662 FEET, AS SHOWN ON THE PLAT OF PORTAGE PARK UNIT THREE, RECORDED FEBRUARY 16, 1961 IN BOOK 7, PAGE 9 OF THE CAMDEN COUNTY RECORDS.

BIG ISLAND LAKE SITES

PART OF LOTS 1 AND 2 OF THE SOUTHWEST ONE-QUARTER OF SECTION 6, TOWNSHIP 38 NORTH, RANGE 17 WEST, CAMDEN COUNTY, MISSOURI, LYING ABOVE CONTOUR ELEVATION 662 FEET, AS SHOWN ON THE PLAT OF BIG ISLAND LAKE SITES, RECORDED MAY 24, 1960 IN BOOK 6, PAGE 32 OF THE CAMDEN COUNTY RECORDS.

AMENDED PLAT OF BIG ISLAND LAKE SITES FIRST ADDITION

PART OF THE NORTH ½ OF LOT 1 OF THE SOUTHWEST 1/4 AND PART OF THE EAST ½ OF LOT 1 OF THE NORTHWEST AND PART OF LOT 2 OF THE NORTHWEST 1/4, ALL IN SECTION 6, TOWNSHIP 38 NORTH, RANGE 17 WEST, ALSO PART OF THE SOUTH ½ OF LOTS 1 AND 2 OF THE SOUTHWEST 1/4 OF SECTION 31 RANGE 39 NORTH, RANGE

Exhibit A - Service Area

Page 2 of 3 pages

17 WEST ALL IN CAMDEN COUNTY, MISSOURI LYING ABOVE CONTOUR ELEVATION 662 FEET, AS SHOWN ON THE AMENDED PLAT OF BIG ISLAND LAKE SITES, FIRST ADDITION, RECORDED NOVEMBER 6, 1965 IN BOOK 10, PAGE 19 OF THE CAMDEN COUNTY RECORDS.

BIG ISLAND CENTRAL

PART OF SECTION 6, TOWNSHIP 38 NORTH, RANGE 17 WEST, AND SECTION 1, TOWNSHIP 38 NORTH, RANGE 18 WEST, CAMDEN COUNTY, MISSOURI LYING ABOVE CONTOUR ELEVATION 662 FEET, AS SHOWN ON THE PLAT OF BIG ISLAND CENTRAL, RECORDED MAY 24, 2004 IN BOOK 84, PAGES A-U, OF THE CAMDEN COUNTY RECORDS

BIG ISLAND WEST

PART OF SECTION 6, TOWNSHIP 38 NORTH, RANGE 17 WEST, AND PART OF SECTION 1, TOWNSHIP 38 NORTH, RANGE 18 WEST, AND PART OF SECTION 31 RANGE 39 NORTH, RANGE 17 WEST CAMDEN COUNTY, MISSOURI, LYING ABOVE CONTOUR ELEVATION 662 FEET, AS SHOWN ON THE PLAT OF BIG ISLAND WEST, RECORDED OCTOBER 1, 2001, IN BOOK 72, PAGE 9, OF THE CAMDEN COUNTY RECORDS.

BIG ISLAND PUD FIRST FILING

PART OF SECTION 6, TOWNSHIP 38 NORTH, RANGE 17 WEST, AND PART OF SECTION 1, TOWNSHIP 38 NORTH, RANGE 18 WEST, CAMDEN COUNTY, MISSOURI, LYING ABOVE CONTOUR ELEVATION 662 FEET, AS SHOWN ON THE PLAT OF BIG ISLAND PUD FIRST FILING, AS RECORDED IN THE CAMDEN COUNTY RECORDS.

BIG ISLAND VIEW ESTATES

THE MARINA TRACT AS SHOWN ON THE RECORDED PLAT OF ISLAND VIEW ESTATES, A SUBDIVISION OF RECORD IN CAMDEN COUNTY MISSOURI RECORDED ON APRIL 24, 2006 AT BOOK 98, PAGE 13 OF THE CAMDEN COUNTY RECORDS.

PORTAGE PARK PROPOSED UNIT

ALL THAT PROPERTY LOCATED IN THE SOUTHEAST ONE QUARTER SECTION ONE TOWNSHIP 38 NORTH, RANGE 18 WEST, CAMDEN COUNTY, MISSOURI LYING ABOVE CONTOUR ELEVATION 662 FEET AS SHOWN AS PROPOSED UNIT PORTAGE PARK ON THE PLAT OF PORTAGE PARK SUBDIVISION UNIT THREE, RECORDED

Exhibit A - Service Area

Page 3 of 3 pages

FEBRUARY 16, 1961 IN BOOK 7, PAGE 9 OF THE CAMDEN COUNTY RECORDS AND LYING BETWEEN THE SUBDIVISION BOUNDARY OF PORTAGE PARK SUBDIVISION, A SUBDIVISION OF RECORD IN CAMDEN COUNTY MISSOURI, RECORDED SEPTEMBER 9, 1947 IN BOOK 5, PAGE 48 OF THE CAMDEN COUNTY RECORDS AND THE BOUNDARY OF PORTAGE PARK SUBDIVISION UNIT THREE, RECORDED FEBRUARY 16, 1961 IN BOOK 7, PAGE 9 OF THE CAMDEN COUNTY RECORDS.

NORTHERN TIP OF ISLAND INTERIOR

AND PART OF SECTION 6, TOWNSHIP 38 NORTH, RANGE 17 WEST, AND PART OF SECTION 31, RANGE 39 NORTH, RANGE 17 WEST CAMDEN COUNTY AND LYING INSIDE OF BIG ISLAND DRIVE IN THE CENTER OF BIG ISLAND, LYING ABOVE CONTOUR ELEVATION OF 662 FEET, BETWEEN THE BOUNDARIES OF: BIG ISLAND WEST A SUBDIVISION OF RECORD IN CAMDEN COUNTY MISSOURI AS SHOWN ON THE PLAT OF BIG ISLAND WEST, RECORDED OCTOBER 1, 2001, IN BOOK 72, PAGE 9, OF THE CAMDEN COUNTY RECORDS; BIG ISLAND CENTRAL, A SUBDIVISION OF RECORD IN CAMDEN COUNTY MISSOURI, AS SHOWN ON THE PLAT OF BIG ISLAND CENTRAL, RECORDED MAY 24, 2004, IN BOOK 84, BIG ISLAND LAKE SITES FIRST ADDITION, A SUBDIVISION OF RECORD IN CAMDEN COUNTY MISSOURI, AS SHOWN ON THE AMENDED PLAT OF BIG ISLAND LAKE SITES, FIRST ADDITION, RECORDED NOVEMBER 6, 1965 IN BOOK 10, PAGE 19 OF THE CAMDEN COUNTY RECORDS.

EXHIBIT B
to the Bylaws of
Big Island Sewer Company

As of October 7, 2006, the following have paid for and received credit for one unconnected Sewer Tap to service the indicated Lot Description:

<u>Name</u>	<u>Lot Description</u>	<u>Big Island Subdivision</u>
Norman, Donald L. & Karen	Pt. Lot 12, Pt Lot 13	Portage Park Unit 1
Fortney, Dean	8	Portage Park Unit 3
Beaven, Burton & Bernadette	10	Portage Park Unit 3
Prather, Eugene & Joan	11	Portage Park Unit 3
White, James D.	14	Portage Park Unit 3
Keck, Ralph & Dixie	E ½ of 4 & Lot 5	Big Island Lake Sites
Abeln, Patricia	9-A	Big Island Lake Sites
Abeln, Robert (Robyn Boren)	9B, 9C, 9D, 9E and 10, 11, 12 & 13 (1 tap)	Big Island Lake Sites
Deckard, Jay Don	15	Big Island Lake Sites
Mahr, Joseph & Mary	19 & 20	Big Island Lake Sites
Lane, Gary	E ½ of 22 & Lot 23	Big Island Lake Sites
Pro, John & Marilyn	Lots 31-39	Big Island Lake Sites
Sebastian, Elmer	40 & N. 15' of 41	Big Island Lake Sites
Lee, Larry	S ½ of 44 & 45	Big Island Lake Sites
Nelson, Arthur & Sarah	56	Big Island Lake Sites
Steinhour, Jerry	57	Big Island Lake Sites
Hesley, Mark & Deborah	58	Big Island Lake Sites
Budz, Roy & Sandra	60 & 61	Big Island Lake Sites
Gannaway, Chas & Donna	62 & 63	Big Island Lake Sites
Mitchell, Billy & Patricia	64	Big Island Lake Sites
Gooding, Grover	65	Big Island Lake Sites
Fortney, Dean	89 & 90	Big Island Lake Sites
Bachman, Raymond & Roxann	3 & 4	Amended Big Island.....1st
Cottingham, William & Pam	Pt. Lot 20 & 21	Amended Big Island.....1st
Easter, John & Barbara	32, 33, 34, & 35	Amended Big Island.....1st

Exhibit B (Unconnected Sewer Taps)

Page 2 of 2

Williams, Patrick & Patricia	36 & 37	Amended Big Island.....1st
Brown, Gary & Pamela	44 & 45	Amended Big Island.....1st
Zahn, Steve & Angela	48 & 49	Amended Big Island.....1st
Dunfee, John W. & Charlene	Lots 50-54 & pt 55	Amended Big Island.... 1 st
Boos, Dennis & Sheryl	Pt 55, 56, & Pt 57	Amended Big Island.....1st
Gutierrez, Golleen & Gregory	63, 64, 65, 66	Amended Big Island.....1st
Weast, Don & Frances	70, 71 & N ½ 69	Amended Big Island1st
Hiley, Phil & Toni	72 & 73	Amended Big Island.....1st
Thorpe, Thomas	76 & 77	Amended Big Island1st
Orler, Cathy	80, 81, & 82	Amended Big Island.....1st
Kleppe, Stephen & Shirley	85, 86 and PT 84	Amended Big Island.....1st
Middleton, Jerome & Marsha	Lot C of Resub Lots 95-101	Amended Big Island....1st
Sowers, Thomas	Lot D of Resub Lots 95-101	Amended Big Island.....1st
Smith, Sharon	Lot E of Resub Lots 95-101	Amended Big Island.....1st
Holstead, Jeff & Pam	W-1	Big Island West
Watson, James & Jennifer	W-6 , W-7	Big Island West

EXHIBIT C
to the Bylaws of
Big Island Sewer Company

As of October 7, 2006, the following have paid for a Sewer Tap and are connected to the sewer system:

Baechle, Michael & Susan	3 & 4	Big Island Lake Sites
Goldman, Fred & Carol	6	Big Island Lake Sites
Shelton, Bob & Wanda	7 & 8	Big Island Lake Sites
Pugh, Ben & Karen	9 & 10	Big Island Lake Sites
Kenter, Judy	11 & W ½ of 12	Big Island Lake Sites
Kwiatkowski, James & Linda	13 & E ½ of 12	Big Island Lake Sites
Kleppe, Stephen D.	14	Big Island Lake Sites
Temares, Stanley	16	Big Island Lake Sites
McAninch Corp.	17, 18, & 6' of 19	Big Island Lake Sites
Wicker, Keith & Doris	21 & W ½ of 22	Big Island Lake Sites
Pro, John & Marilyn	29A (own 29-38)	Big Island Lake Sites
Vieth, John & Mary	46 & 47	Big Island Lake Sites
Burr, Barbara	48 & 49	Big Island Lake Sites
Burchard, Robert	59	Big Island Lake Sites
Ezard, William & Stephanie	Pt Lot 4 & 5, 6, 7	Amended Big Island 1 st
Conley, Michael & Barbara	8 & 9	Amended Big Island 1 st
Cottingham, William & Pamela	19	Amended Big Island 1 st
Foster, Ed	22 & 23	Amended Big Island..... 1 st
Burford, William & Judith	26 & 27	Amended Big Island..... 1 st
Sowers, Tom	28 , 29, 30	Amended Big Island..... 1 st
Sowers, James	38 & 39	Amended Big Island..... 1 st
Bracken, Don & Marilyn	40 & 41	Amended Big Island..... 1 st
Schweitzer, Kenneth & Linda	42 & 43	Amended Big Island 1 st
Connell, Evan & Janette	46 & 47	Amended Big Island..... 1 st
Adamson, Ron & Sheryl	Pt 59, 60-62	Amended Big Island 1 st
Boos, Dennis & Sheryl	57, 58, & Pt 59	Amended Big Island..... 1 st
Toombs, Jerry & Pam	66, 67, 68 & S ½ 69	Amended Big Island..... 1 st
Kasten, Bruce & Valerie	87	Amended Big Island..... 1 st
Brinker, Robert & Christine	83 & Pt 82 & 84	Amended Big Island..... 1 st
Snyder, Gail & Betsy	Pt 95 , 96 & 97	Amended Big Island..... 1 st
Martin, Cheryl	3	Portage Park Unit 1
Rubert, Milton & Donna	5 & 6	Portage Park Unit 1

Exhibit C -**Page 2 of 2****Taps which are connected to the Big Island Sewer System**

Briley, Leon & Patricia	7	Portage Park Unit 1
Hermann, Robert & Grace	8	Portage Park Unit 1
Shore, Jeff & Stacy	9	Portage Park Unit 1
Youngblood, Jim & Linda	Lot 10 & Pt. 11	Portage Park Unit 1
Toombs, Lawrence & Rita	Pt. Lot 11 & 12	Portage Park Unit 1
Crowder, Jim & Linda	Pt. Lot 13	Portage Park Unit 1
Golden/Rusaw	Metes & Bounds Legal	Portage Park Unit 3
Beaman, N. Fred & Sharon	Pt. 4 & 5 of the Replat	Portage Park Unit 3
Grayum, James & Toni	Lot 1 of Resub of 3,4,5 & 6	Portage Park Unit 3
Truedson, Steve & Judy	Lot 4 of Resub of 3,4,5 & 6	Portage Park Unit 3
Davis, Scott & Tami	Lot 5 of Resub of 3, 4, 5,& 6	Portage Park Unit 3
Zeldin, Joyce	Pt. Lot 6 of Resub of 3,4,5 & 6	Portage Park Unit 3
Sowell, Lee & Sharon	7	Portage Park Unit 3
Cadwell, Phil & Mary	9	Portage Park Unit 3
Simmer/Gruidel, Roger & Jean	15, 16, & Pt 17	Portage Park Unit 3
Seibolt, Lawrence & Mary	Lot TH-A Resub of lots 3,4,5,6	Portage Park Unit 3
Kling, Curtis & Glenna	Lot TH-B Resub of Lots 3, 4, 5, 6	Portage Park Unit 3
Cole, Judy	Lot AA	Portage Park Unit 3
Haddock, William	Lot BB	Portage Park Unit 3
Jacobson Trust (Richard)	8	Portage Park Unit 4
Potter, Gary & Victoria	9	Portage Park Unit 4
Stenberg, Wayne & Lori	10	Portage Park Unit 4
Horne, Jake	11	Portage Park Unit 4
Watson, James & Jennifer	W-5	Big Island West
Holstead, Jeff & Pam	W-2	Big Island West
Folsom Ridge	W-10	Big Island West
Folsom Ridge	W-20	Big Island West

Big Island Water Company

**BYLAWS
RULES &
REGULATIONS**

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**By-Laws of the
Big Island Water Company
Organized Pursuant to R.S.Mo. 393.900 - 393.951**

Article I - Name of Company & Service Area

Big Island Water Company, hereafter referred to as "Company", or "BIWC", is a nonprofit water company established under Missouri Statutes R.S.Mo. 393.900 - 393.951 for the purpose of supplying water for distribution to the geographic area commonly known as Big Island, Camden County, Missouri and more specifically described in the attached legal description, identified as Exhibit A, and setting forth the "Service Area" for the Company.

Article II - Address

The mailing address of the registered agent of the Company is: 3458 Big Island Drive, Roach, MO 65787 and the name of the registered agent at that address is: Pamela Holstead.

Article III - Definition of Member

A. Definition

Any owner of real property located within the Big Island Service Area, who is connected to the community water system owned and operated by the Company, is thereby a Member (and Customer) of the Company and obligated to abide by the rules, and by-laws adopted by the Company, as well as all applicable Missouri state statutes and regulations. Owners of real property, within the Big Island service area, who have purchased taps for the purpose of connecting to the Water System at a later date, will not become Members (or customers) of the water Company until such time as they have actually connected to the water system. For purposes of these by-laws, the words Member and Customer shall be interchangeable except when referring to Tenants who may be Customers, but not Members.

B. Identity of Members and Prospective Members

Attached to these Bylaws, identified as Exhibit B, is a list of specific property owners who have purchased a water tap but are not yet connected to the Water System. Attached to these Bylaws, identified as Exhibit C, is a list of property owners who have purchased a tap and ARE currently connected to the Water System.

Article IV - Voting Rights

A. One Vote Per Connection Rule.

There shall be only one (1) vote per connection to the Water System. Irrespective of the number of Customers that are being served by a particular connection to the Water System,

only one(1) vote can be cast for that connection. For example, a husband and wife who own a Lot served by a connection to the Water System shall have only one vote to cast between them. A Person owning multiple Lots within the Service Area shall be entitled to one (1) vote for each connection to the Water System. For example, a husband and wife who own three Lots, each of which are served by a separate connection to the Water System, shall be entitled to three votes to cast between them.

B. No More Than One Vote Per Lot.

The preceding section notwithstanding, a Member who owns a Lot with more than one connection to the Water System shall not be entitled to more than one vote. For example, if two residences are constructed on one Lot and each residence has a connection to the Water System, the Member shall have only one vote for those two connections since they are located on one Lot.

C. Eligibility.

To be eligible to vote, a Member must own the Lot in the Service Area where the connection is located. The Board may demand proof of ownership of the Lot before a vote cast by a Member may be counted. Only Members in good standing shall be entitled to vote as to each matter on which Members may vote. Members who are delinquent in the payment of obligations due the Company, or in violation of any rules, regulations or bylaws of the Company are not in good standing and are ineligible to vote.

Article V -Termination of Membership

A. Grounds for Termination

Membership in this Company may be terminated by the Board of Directors for any of the following reasons:

- A. Sale of a Lot so as to be no longer eligible due to change in residence;
- B. Failure to pay any fees, assessments, or other charges requested by Company;
- C. Failure or refusal to use the services made available by the Company; or
- D. Any other reason by majority vote of the Board.

For purposes of this Section the term "sale" shall not include transfer to a trust in which the Member is a grantor, trustee, or beneficiary; nor shall it include a nonprobate transfer authorized by Chapter 461, RSMo 2000, as it may be amended, to a Grantor's Trust. There will be no refund of sums paid under or pursuant to a Subscription Agreement if membership is terminated pursuant to this section.

B. Membership is Not Transferable

Should a customer of the Company sell their real property, said customer shall notify the

Company, in writing, of: the closing date for said sale, the address of the property being sold, and the name and address of the person or entity who has purchased the property. The new owner must apply for service, in accord with the rules and regulations, in order to become a Member.

Article VI - Meetings of the Members

A. Annual Meeting - 2nd Saturday in May - 9:00 am - 10:00 am

1. Date and Time: An Annual Meeting of the customers of the BIWC shall be held at 9:00 am on the second Saturday in May, of each and every year, at a location to be set forth in the notice provided to customers of said meeting. Notice of the annual meeting shall be provided as specified in these Bylaws. The location of the annual meeting shall be within a thirty (30) mile radius of the Big Island Service Area. Upon arrival at the annual meeting, customers will sign the attendance log and shall be given a written copy of the minutes from the previous annual meeting. The meeting will be conducted by the President. The annual meeting shall last no longer than 60 minutes. If it appears business cannot be completed within the 60 minute schedule, the meeting shall be continued to a later date and time, or scheduled as a special meeting by the President as provided in these Bylaws.

2. Mandatory Subjects: At each annual meeting of the Members, the Officers shall make the following reports or disclosures:

- (1) The President shall report generally on the state of the Company
- (2) The Treasurer shall distribute a copy of the most recent financial statement of the Company to the Members and be available to answer questions.
- (3) The President shall report whether there is any pending patronage dividend recommended by the Board, the amount thereof, and the manner of distribution thereof.

B. Special Meetings

In accordance with Section 393.921 RSMo, special meetings of the Members of the Company may be called by the Board, by any three directors, or by not less than ten (10%) percent of the members, or by the President. Notice of any special meeting of the Members shall be provided as specified in these Bylaws.

C. Notice to Members

In accordance with Section 393.921 RSMo, written or printed notice stating the time and place of each annual or special meeting of the Members shall be given by personal delivery or by mailing the same to the last known address of each Member, not less than ten (10) nor more than twenty-five (25) days before the date of the meeting. The notice of any special meeting shall set forth the subjects to be considered and no business affecting the general

interest or welfare of the Company shall be transacted except as specified in such notice. At the discretion of the Board, the notice of any annual meeting may or may not contain the subjects to be considered. Notice of the meeting can be transmitted by electronic mail to Members who consent to such notice in advance. A notice of meeting shall include a proxy designation for the convenience of the Member. Any written notice, billing, or correspondence required by these Bylaws to be sent to a Member shall be deemed sufficiently served and delivered if addressed to the last known address of the Member according to the Company's records and placed in the United States mails, first class postage prepaid.

D. Matters on Which Members May Vote

Each Member in good standing shall be entitled to vote on the following matters:

1. Election of members to the Board of Directors;
2. Whether the Directors shall receive any salary for their service as directors;
3. Whether any patronage dividend recommended by the Board pursuant to Section 393.936 RSMo shall be distributed to the members, the amount thereof, and the manner of distribution thereof; and
4. Any other matter which, in the discretion of the Board of Directors, may be submitted to the Members for a vote at an annual or special meeting.

E. Voting by Proxy or Mail

A Member has the option to vote by proxy only at the annual election of Directors. The proxy must be executed in writing by the Member and state the Member's choice of Directors by name. Only proxies executed on a proxy form authorized by the Secretary of the Company will be recognized. The signed proxy form must be received no less than 3 days prior to the annual meeting date to be valid.

F. Definition: Quorum of Members

Twenty percent (20%) of the Members, who are present in person, or by proxy, shall constitute a quorum for the transaction of business at all meetings of the Members. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting to a date not less than 30 days away. The number of customers required to be present at the subsequent meeting in order to constitute a quorum shall be ten (10%) percent (including proxies).

G. Parliamentary Authority

The rules contained in the current edition of "Robert's Rules of Order Newly Revised" shall govern the meetings of the customers, unless inconsistent with these by-laws.

Article VII - Board of Directors

A. Qualifications:

The business affairs of the Company shall be managed by a Board of Directors consisting of five (5) Directors. The Board of Directors may exercise all of the powers authorized to the Company that are not specifically reserved to the Members. Any Member in good standing with the Company, who is over the age of twenty-one (21) years, and who has been a customer of the Company, or its predecessors, for at least one full calendar year preceding election or appointment, is eligible to be elected or appointed to the Board of Directors. A person over the age of twenty-one (21) years who is an authorized officer or trustee of a Member in good standing, which is a corporation, trust or other private entity, is also eligible to be elected or appointed to the Board of Directors; provided the corporation, trust or other private entity has been a customer of the Company, or its predecessor, for at least one full calendar year preceding election or appointment. No more than one Member, or occupier, of any single household shall be permitted to serve on the Board of Directors.

B. Affiliation with Big Island Sewer Company

Since issues pertinent to the Big Island Water Company are also relevant to the Big Island Sewer Company, each director of BIWC must also be a Member in good standing with the Big Island Sewer Company. The Board of Directors elected by the membership of the Big Island Water Company shall also serve as the Board of Directors for the Big Island Sewer Company.

C. Composition of First Board of Directors after Incorporation

The initial Board of Directors of the Company following the organizational meeting of the Company shall be: **Pamela Holstead, William Burford, Don Bracken, Jim Grayum, and Gail Snyder.**

D. Classes and Terms of Directors

1. Classes The current Board of Directors as of the signing of these Bylaws, shall be divided into three classes as required by Section 393.843 RSMo, and shall be designated as follows:

Class 1 directors: Pamela Holstead, William Burford
Class 2 directors: Don Bracken, Jim Grayum
Class 3 director: Gail Snyder

2. Terms The initial term of all Class 1 directors shall expire when their successor is elected and qualified at the annual meeting held during 2007. The initial term of all Class 2 directors shall expire when their successor is elected and qualified at the annual meeting held during 2008. The initial term of the Class 3 director shall expire when their successor is elected and qualified at the annual meeting

held during 2009. After the initial term of each Director, terms of all subsequently elected and qualified Directors shall be until the third succeeding annual meeting (i.e., three year terms) at which a successor is elected and qualified.

3. Election of Directors. At each annual meeting, the Members shall be entitled to vote on filling the terms of the directors in each class whose terms are expiring.

E. Removal of a Director:

1. Removal by Board. The Board of Directors may, by majority vote, remove any one Director from the Board and appoint another qualified candidate to serve until a successor is duly elected and qualified in accordance with these Bylaws. Grounds for removal may include, but shall not be limited to, absence from 3 or more consecutive meetings, improper handling of funds, failure to be current on payments owed to the Company for water service, exceeding the scope of the Director's authority or any other cause that would justify removal of a director under the law.
2. Removal by Members. Directors may be removed from office at any time for any reason by a vote of two-thirds of the Members voting at any special meeting called for such purpose. If such a vote is taken, the Members shall immediately take nominations and elect a successor and this provision for electing the successor Director shall supercede all other provisions in these Bylaws for the election of a Director.

F. Vacancies:

Any vacancy or ineligibility on the Board of Directors must be filled immediately by appointment. A majority vote of all Directors will designate the appointee who will fill a vacancy for the unexpired term of his predecessor in office.

G. Meetings of the Board of Directors:

An annual meeting of the Board shall be held in conjunction with the Annual Meeting of the Members. Regular meetings of the Board shall be held each calendar quarter. Special meetings of the Board shall be held as called by the President or a majority of the Board. The Board may permit any or all directors to participate in a regular or special meeting by, or conduct the meeting through the use of any means of communication by which all directors participating may simultaneously hear each other during the meeting. A director participating in a meeting by this means is deemed to be present in person at the meeting.

H. Quorum for Director Meetings:

A majority of the Board of Directors shall constitute a quorum for the conducting of any business of the Board. Unless otherwise provided in the Bylaws, any action of the Board shall take an affirmative simple majority vote of the Directors present.

I. Board Action Without Meeting:

Any action which might be taken at a meeting of the Board of Directors may be taken without a meeting if a memorandum is made in writing and signed by all members of the Board. Consents to memorandums of actions taken without a meeting may be in the form of electronic mail.

J. Notices of Board Meetings:

Regular meetings of the Board may, at the option of the President, be held without notice. Special meetings of the Board must be preceded by at least three (3) days notice to each director by mail, phone, email, or fax of the date, time, place, and purpose of the meeting. The President, or at least forty percent of the directors then in office, may call and give notice of a meeting of the Board.

K. Minutes of Board Meetings:

Minutes of all meetings of the Board of Directors shall be available for review by any Member of the Company upon request. Review may be in person, during regular business hours at the offices of the Company, or by means of electronic mail or the internet. However, minutes of any Board action pertaining to litigation, contract negotiations, property acquisitions, personnel, and other sensitive matters may be classified as closed records and excluded from distribution by the Board of Directors. Nothing in this section shall be construed to require the Company to create a web site on the internet.

L. Duties and Powers of the Board:

Except as otherwise provided in Chapter 355, RSMo, or Sections 393.825 to 393.861 RSMo, or the Articles of Incorporation, or these Bylaws, all of the Company's powers shall be exercised by or under authority of, and the affairs of the Company managed under the direction of its Board of Directors. The Board of Directors shall exercise such powers and perform such duties as may be necessary and appropriate for the proper operation and management of the Company. Without limiting the generality of the foregoing, the Board shall have the power to:

1. Supervise and control the finances of the Company;
2. Establish and approve the annual operating budget of the Company;
3. Establish the rates and charges of the Company in the provision of Water;
4. Annually elect the officers of the Company;
5. Determine the time and place of regular and special membership meetings;

6. Contract with any other Person or entity for any services needed by the Company, including but not limited to legal, accounting, engineering, operation of day to day management services;
7. Perform other such duties as may be allowed by these Bylaws or by the Members; and
8. Exercise all of the powers which a board of directors may exercise pursuant to the authority of Chapter 355, RSMo, as though those powers were expressly set forth herein.

M. Nominating Committee:

The President shall appoint a nominating committee to report at the annual meeting of the Members and the annual meeting of the Board of Directors. The nominating committee shall present a slate of candidates to the Members for election to the Board of Directors. Nominations for election to the Board may be made by any Member and nominations for any office may be made by any Director.

Article VIII - OFFICERS

A. General:

The officers of the Company shall consist of a President, Vice President, a Secretary, and a Treasurer. The offices of Secretary and Treasurer may be held by the same person and that person need not be a customer or member of the Board. The Board of Directors may appoint an Assistant Secretary-Treasurer and that person need not be a customer or member of the Board. The officers shall be elected annually at the annual meeting of the newly-elected Board, by an affirmative majority vote of the members of the Board. No person shall continue to hold the office of President or Vice President after he or she has ceased to be a Director.

B. Vacancies:

A vacancy in any single office may be filled for the unexpired term by an affirmative majority vote of the remaining members of the Board present at any regular or special meeting. If there is a vacancy in the offices of President and Vice-President simultaneously, the Secretary or the Treasurer, or in their absence the Assistant Secretary or the Assistant Treasurer, shall cause a notice of a special meeting of the Members to be called for the purpose of filling the vacancies and shall preside at such a special meeting. Nominations for those vacant offices shall be allowed from the members without necessity of a nominating committee.

C. Duties of the PRESIDENT:

The President of the Company shall be the Chief Executive Officer and have general charge of the affairs of the Company under the direction of the Board. The President shall

preside at the annual and special meetings of the Members and all meetings of the Board. The President shall perform such other duties as may be assigned to him or her by the Board or as prescribed by the Bylaws.

D. Duties of the VICE PRESIDENT:

The duty of the Vice President shall be to act in the absence of the President and to perform such other duties as may be assigned by the President or by the Board.

E. Duties of the SECRETARY:

The duties of the Secretary shall be:

1. To keep the records of the Company;
2. To take and preserve the attendance log and minutes of the Annual Meeting of the Membership and all meetings of the Board.
3. To notify Members of the Annual Meeting and any special meetings of the Members;
4. To be responsible for any annual or special filing with governmental authorities necessary to maintain the status of the Company under Missouri law;
5. To comply with any requirements of Chapter 319 RSMo, and in particular Sections 319.023 and 319.024 RSMo regarding the obligations of owners of underground facilities to record notice of the location of their facilities and to provide notice to excavators as required by law; and
6. Such other duties as may be assigned by the Board

F. Duties of the TREASURER:

The duties of the Treasurer shall be to supervise the preparation, preserving, compilation, and submission of financial and other similar reports to the Board; to supervise the collection of all monies due the Company; and the payment of all bills of the Corporation upon order of the President or the presiding officer of the Board.

G. Compensation of Officers:

Officers shall serve without salary. Officers who incur out of pocket expenses for the benefit of the Company may, after a vote of the Board, be reimbursed.

H. Removal of Officers from Office:

Officers may be removed from office at any time for any reason by a vote of two-thirds of the Members voting at any special meeting called for such purpose. If such a vote is taken, the Members shall immediately take nominations and elect a successor and this provision shall supercede other Bylaw provisions for election of officers.

Article IX - MEMBERS NOT LIABLE

In accord with RSMo 393.951, the private property of the members of the nonprofit water Company, shall be exempt from execution for the debts of the Company and no member shall be liable or responsible for any debts of the Company.

Article X - REGULATORY AGENCY - DNR

All construction, maintenance and operation of water lines and treatment facilities by the Company and by homeowners, builders, and developers who intend to connect to the Company water supply system shall conform with the methods of construction, rules, and regulations prescribed by the Missouri Department of Natural Resources, as well as the Rules and Regulations of the Company. The Missouri Public Service Commission shall not have jurisdiction over the Company except as set forth in RSMo. 393.933.2.

Article XI - FINANCIAL OPERATIONS OF THE COMPANY

A. Financial Responsibility:

It shall be the responsibility of the Officers and the Board of Directors to establish rates and charges which shall, to the extent reasonably foreseeable by the Board and Officers, produce revenues sufficient for the sound financial operation of the Company, including revenues sufficient to:

- 1) Defray expenses of the Company for the operation and maintenance of its facilities during the fiscal year;
- 2) Pay interest and principal obligations (if any) of the company coming due in such fiscal year;
- 3) Finance, or provide a reserve for the financing of, maintenance, construction, or acquisition by the company of additional facilities to the extent determined necessary by the Board of Directors;
- 4) Provide a reasonable reserve for working capital;
- 5) Provide a reserve for the payment of indebtedness of the company (If any) maturing more than one year after the date of the incurrence of such indebtedness in an amount not less than the total of the interest and principal payments on such indebtedness that are required to be made during the next following fiscal year;
- 6) Provide a fund for education in the effective use of services made available by the company;
- 7) Provide a reserve for future capital expenditures;
- 8) Provide and maintain a reasonable sufficient reserve fund for unexpected contingencies;

9) Provide a fund for communications to the Members.

B. Fiscal Year

The fiscal year of the Company shall be the 12 months ending December 31 of each year.

C. Patronage Dividends: Refunds of Excess Revenues

To the extent the Board determines it has received revenues in any fiscal year which are in excess of the amount reasonably necessary to fulfill the obligations set out in paragraph "A" above and Section 393.849 RSMo, the Board shall have the authority to declare a patronage dividend to be distributed to the Members, past or present. Patronage refunds shall be prorated in accord with the patronage payments by the respective Members during such fiscal year.

D. Disposal of Assets

Other than as a part of a dissolution of the Company, which is governed by Sections 393.853 or 393.855 RSMo, the Board of Directors shall not have the authority to sell, transfer, trade or otherwise dispose of any assets of the Company worth more than \$5,000 without first submitting the proposition to a vote of the Members at any annual or special meeting.

Article XII - New Customers with Tap in Place

Attached as Exhibit B is a list of owners within the Big Island water Service Area who have purchased a water tap, for the property indicated, and paid a portion of the capital costs of installing the Water System. These owners have not yet connected to the community water supply system. The Company shall reserve, and agrees to reserve, capacity within the Water System to accommodate the reasonable water supply needs of each homeowner on Exhibit B, at such time as they elect to connect to the Water System. No homeowner on Exhibit B, or their successors in interest, shall be charged the Tap Fee authorized in these bylaws at the time they apply for service, but shall be subject to all other nonrecurring or recurring fees and charges for service. All new customers who previously obtained water from a private well, will be required to adhere to DNR regulations pertaining to capping off their private well water supply in a DNR approved manner which will insure against private well water intermingling with the BIWC water supply.

Article XIII - New Customers with NO pre-existing Tap in Place

Any residence or Lot within the Service Area who has not purchased a pre-existing water tap (see above) and who wishes to receive water service from the Company will be expected to pay a one time only water Tap Fee in an amount established by the Board of Directors.

Said fee shall be no less than \$2,000. The actual cost of installing the tap and connecting the household to the roadside water tap shall be borne by the homeowner. Tap fees for new residences constructed by a developer, as part of a development project, shall be waived in order to offset the developer's expense in expanding the Company's water system to accommodate the new residences. All new customers who previously obtained water from a private well, will be required to adhere to DNR regulations pertaining to capping off their private well water supply in a DNR approved manner which will insure against private well water intermingling with the BIWC water supply.

Article XIV - New Development

If expansion of the current water supply system becomes necessary for the purpose of servicing new development within the Big Island Service Area, the cost of said expansion and construction shall be paid by the owner of the development project. The Board of Directors shall require the developer to provide a written indemnity agreement warranting that all new construction and expansion conforms with Missouri State Department of Natural Resources regulations as well as the rules and regulations of the Company. The tap fees for the new residences constructed by the developer shall be waived in order to offset the developer's expense in expanding the Company's water system. New water service to any residence within the Big Island Service Area shall not be denied by the Company as long as the residence adheres to all applicable Company rules and regulations as well as state regulations of the Missouri Department of Natural Resources.

Article XV - AMENDMENTS

A. Revisions by The Board

The Bylaws and accompanying rules and regulations set forth and referenced in Articles I through XVI of these Bylaws, including all SCHEDULES OF RATES and CHARGES, and other fees, penalties and charges may be altered, amended or repealed by the Board of Directors with or without advance notice to the Members. Such alterations, amendments and re-enactments shall apply to all Members, Contractors, Customers, and Persons then or thereafter using the facilities or services of the Company. For purposes of these Bylaws, all revisions shall be considered as amendments. Revisions or amendments to Articles specified in the following paragraph "B" shall be governed by the provisions set forth in said paragraph.

B. Amendments by the Members

The Board of Directors shall NOT have the power to alter or amend any Bylaws set forth in Articles III or IV or Article VII of these Bylaws. Specifically, the Board shall have no power to alter or amend any provision of these Bylaws pertaining to the voting rights of

Members, the qualifications for membership in the Company, fixing the number, qualifications, classifications or the terms of office of the directors, but any such Bylaws may be adopted or altered only by the vote of a two-thirds (2/3) majority of the Members entitled to vote in person or by absentee ballot at any annual, regular, or special meeting duly convened after the proper notice to the Members setting out the purpose of the meeting and the text of the proposed Bylaw or amendment to the Bylaws. The notice of the meeting shall include a form of ballot, approved by the Secretary, by which a Member may vote by mail on the proposed Bylaw or amendment. To be counted, the ballot must be received by the Secretary three (3) days before the meeting at which the proposed bylaw or amendment shall be voted on. Proxy voting shall not be permitted in connection with the adoption or amendment of Bylaws proposed pursuant to this article.

C. Amendments Curtailing New Development are Prohibited

Neither the Board of Directors, nor the Members, shall pass an amendment to these Bylaws which has the effect of unreasonably curtailing or prohibiting new construction or development within the Service Area.

Article XVI - Rules and Regulations

The Board of Directors shall promulgate and adopt rules and regulations pertaining to the construction, operation, and maintenance of the Company. Those rules and regulations are hereby attached and incorporated into these by-laws by reference.

Adoption of Bylaws:

IN WITNESS WHEREOF, the above bylaws are hereby unanimously adopted by the
initial Board of Directors on this _____ Day of _____, 2006.

Pamela Holstead

Gail Snyder

Don Bracken

Jim Grayum

William Burford

Specimen Only

Schedule of Rates and Charges

(Not Effective until approved and activated by Board of Directors)

This schedule of rates and charges may be changed by the Company at any time in the manner provided in these Bylaws:

1. Water Tap Fee : \$2,000 plus cost of tap installation.
2. Quarterly Bill For Water Service: \$42 (\$14 per month x 3 months)
3. Turn On and Turn Off Fees:
With 48 hours notice and scheduled for a Monday, Wednesday, or Friday: \$25 for each Turn On, or Turn Off, unless the Turn On and Turn Off occur within one hour of each other.

With less than 48 hours notice and if scheduled for a day other than Monday, Wednesday, or Friday: \$60 for each TurnOn, or Turn Off, unless the Turn On and Turn Off occur within the same hour.
4. Late Fee:
\$20.00 for each payment that is received by the Company after the delinquent date in an envelope that was postmarked after the delinquent date.
5. Returned Checks:
\$50.00 per returned check.
6. New Construction Inspection Fee:
\$_____ With 48 hours notice
\$_____ With less than 48 hours notice

EXHIBIT A - Service Area

Page 1 of 3 pages

ALL OF THAT PROPERTY LOCATED IN SECTIONS 1 AND 12, TOWNSHIP 38 NORTH, RANGE 18 WEST, AND SECTION 6, TOWNSHIP 38 NORTH, RANGE 17 WEST AND SECTION 31, TOWNSHIP 39 NORTH, RANGE 17 WEST, CAMDEN COUNTY, MISSOURI LYING ABOVE CONTOUR ELEVATION 662 FEET MORE PARTICULARLY DESCRIBED AS FOLLOWS:

PORTAGE PARK SUBDIVISION UNIT ONE

PART OF THE SOUTHWEST ONE-QUARTER OF THE SOUTHEAST ONE-QUARTER SECTION 1, TOWNSHIP 38 NORTH, RANGE 18 WEST AND PART OF THE NORTHWEST ONE QUARTER OF THE NORTHEAST ONE QUARTER AND PART OF THE NORTHEAST ONE QUARTER OF THE NORTHWEST ONE QUARTER OF SECTION 12, TOWNSHIP 38 NORTH, RANGE 18 WEST, CAMDEN COUNTY MISSOURI, LYING ABOVE CONTOUR ELEVATION 662 FEET, AS SHOWN ON THE PLAT OF PORTAGE PARK SUBDIVISION, UNIT ONE, RECORDED SEPTEMBER 9, 1947 IN BOOK 5, PAGE 48 OF THE CAMDEN COUNTY RECORDS.

PORTAGE PARK SUBDIVISION UNIT THREE

PART OF THE SOUTHEAST ONE-QUARTER AND THE NORTHEAST ONE QUARTER OF SECTION 1, TOWNSHIP 38 NORTH, RANGE 18 WEST, CAMDEN COUNTY, MISSOURI LYING ABOVE CONTOUR ELEVATION 662 FEET, AS SHOWN ON THE PLAT OF PORTAGE PARK UNIT THREE, RECORDED FEBRUARY 16, 1961 IN BOOK 7, PAGE 9 OF THE CAMDEN COUNTY RECORDS.

BIG ISLAND LAKE SITES

PART OF LOTS 1 AND 2 OF THE SOUTHWEST ONE-QUARTER OF SECTION 6, TOWNSHIP 38 NORTH, RANGE 17 WEST, CAMDEN COUNTY, MISSOURI, LYING ABOVE CONTOUR ELEVATION 662 FEET, AS SHOWN ON THE PLAT OF BIG ISLAND LAKE SITES, RECORDED MAY 24, 1960 IN BOOK 6, PAGE 32 OF THE CAMDEN COUNTY RECORDS.

AMENDED PLAT OF BIG ISLAND LAKE SITES FIRST ADDITION

PART OF THE NORTH $\frac{1}{2}$ OF LOT 1 OF THE SOUTHWEST $\frac{1}{4}$ AND PART OF THE EAST $\frac{1}{2}$ OF LOT 1 OF THE NORTHWEST AND PART OF LOT 2 OF THE NORTHWEST $\frac{1}{4}$, ALL IN SECTION 6, TOWNSHIP 38 NORTH, RANGE 17 WEST, ALSO PART OF THE SOUTH $\frac{1}{2}$ OF LOTS 1 AND 2 OF THE SOUTHWEST $\frac{1}{4}$ OF SECTION 31 RANGE 39 NORTH, RANGE

Exhibit A - Service Area

Page 2 of 3 pages

17 WEST ALL IN CAMDEN COUNTY, MISSOURI LYING ABOVE CONTOUR ELEVATION 662 FEET, AS SHOWN ON THE AMENDED PLAT OF BIG ISLAND LAKE SITES, FIRST ADDITION, RECORDED NOVEMBER 6, 1965 IN BOOK 10, PAGE 19 OF THE CAMDEN COUNTY RECORDS.

BIG ISLAND CENTRAL

PART OF SECTION 6, TOWNSHIP 38 NORTH, RANGE 17 WEST, AND SECTION 1, TOWNSHIP 38 NORTH, RANGE 18 WEST, CAMDEN COUNTY, MISSOURI LYING ABOVE CONTOUR ELEVATION 662 FEET, AS SHOWN ON THE PLAT OF BIG ISLAND CENTRAL, RECORDED MAY 24, 2004 IN BOOK 84, PAGES A-U, OF THE CAMDEN COUNTY RECORDS

BIG ISLAND WEST

PART OF SECTION 6, TOWNSHIP 38 NORTH, RANGE 17 WEST, AND PART OF SECTION 1, TOWNSHIP 38 NORTH, RANGE 18 WEST, AND PART OF SECTION 31 RANGE 39 NORTH, RANGE 17 WEST CAMDEN COUNTY, MISSOURI, LYING ABOVE CONTOUR ELEVATION 662 FEET, AS SHOWN ON THE PLAT OF BIG ISLAND WEST, RECORDED OCTOBER 1, 2001, IN BOOK 72, PAGE 9, OF THE CAMDEN COUNTY RECORDS.

BIG ISLAND PUD FIRST FILING

PART OF SECTION 6, TOWNSHIP 38 NORTH, RANGE 17 WEST, AND PART OF SECTION 1, TOWNSHIP 38 NORTH, RANGE 18 WEST, CAMDEN COUNTY, MISSOURI, LYING ABOVE CONTOUR ELEVATION 662 FEET, AS SHOWN ON THE PLAT OF BIG ISLAND PUD FIRST FILING, AS RECORDED IN THE CAMDEN COUNTY RECORDS.

BIG ISLAND VIEW ESTATES

THE MARINA TRACT AS SHOWN ON THE RECORDED PLAT OF ISLAND VIEW ESTATES, A SUBDIVISION OF RECORD IN CAMDEN COUNTY MISSOURI RECORDED ON APRIL 24, 2006 AT BOOK 98, PAGE 13 OF THE CAMDEN COUNTY RECORDS.

PORTAGE PARK PROPOSED UNIT

ALL THAT PROPERTY LOCATED IN THE SOUTHEAST ONE QUARTER SECTION ONE TOWNSHIP 38 NORTH, RANGE 18 WEST, CAMDEN COUNTY, MISSOURI LYING ABOVE CONTOUR ELEVATION 662 FEET AS SHOWN AS PROPOSED UNIT PORTAGE PARK ON THE PLAT OF PORTAGE PARK SUBDIVISION UNIT THREE, RECORDED

FEBRUARY 16, 1961 IN BOOK 7, PAGE 9 OF THE CAMDEN COUNTY RECORDS AND LYING BETWEEN THE SUBDIVISION BOUNDARY OF PORTAGE PARK SUBDIVISION, A SUBDIVISION OF RECORD IN CAMDEN COUNTY MISSOURI, RECORDED SEPTEMBER 9, 1947 IN BOOK 5, PAGE 48 OF THE CAMDEN COUNTY RECORDS AND THE BOUNDARY OF PORTAGE PARK SUBDIVISION UNIT THREE, RECORDED FEBRUARY 16, 1961 IN BOOK 7, PAGE 9 OF THE CAMDEN COUNTY RECORDS.

NORTHERN TIP OF ISLAND INTERIOR

AND PART OF SECTION 6, TOWNSHIP 38 NORTH, RANGE 17 WEST, AND PART OF SECTION 31, RANGE 39 NORTH, RANGE 17 WEST CAMDEN COUNTY AND LYING INSIDE OF BIG ISLAND DRIVE IN THE CENTER OF BIG ISLAND, LYING ABOVE CONTOUR ELEVATION OF 662 FEET, BETWEEN THE BOUNDARIES OF: BIG ISLAND WEST A SUBDIVISION OF RECORD IN CAMDEN COUNTY MISSOURI AS SHOWN ON THE PLAT OF BIG ISLAND WEST, RECORDED OCTOBER 1, 2001, IN BOOK 72, PAGE 9, OF THE CAMDEN COUNTY RECORDS; BIG ISLAND CENTRAL, A SUBDIVISION OF RECORD IN CAMDEN COUNTY MISSOURI, AS SHOWN ON THE PLAT OF BIG ISLAND CENTRAL, RECORDED MAY 24, 2004, IN BOOK 84, BIG ISLAND LAKE SITES FIRST ADDITION, A SUBDIVISION OF RECORD IN CAMDEN COUNTY MISSOURI, AS SHOWN ON THE AMENDED PLAT OF BIG ISLAND LAKE SITES, FIRST ADDITION, RECORDED NOVEMBER 6, 1965 IN BOOK 10, PAGE 19 OF THE CAMDEN COUNTY RECORDS.

EXHIBIT B
to the Bylaws of
Big Island Water Company

As of October 7, 2006, the following have paid for, and received credit for, one unconnected water Tap to service the indicated Lot Description:

<u>Name</u>	<u>Lot Description</u>	<u>Big Island Subdivision</u>
Norman, Donald L. & Karen	Pt. Lot 12, Pt Lot 13	Portage Park Unit 1
Fortney, Leon	Lot 8	Portage Park 3
Abeln, Patricia	9-A	Big Island Lake Sites
Abeln, Robert (Robyn Boren)	9B, 9C, 9D, 9E and 10, 11, 12 & 13	Big Island Lake Sites
Pro, John & Marilyn	Lots 31-39	Big Island Lake Sites
Steinhour, Jerry	Lot 57	Big Island Lake Sites
Bachman, Raymond & Roxann	3 & 4	Amended Big Island.....1st
Cottingham, William & Pam	16, 17, 18	Amended Big Island.....1st
Cottingham, William & Pam	Pt. Lot 20 & 21	Amended Big Island.....1st
Burford, William	Lots 24 & 25	Amended Big Island.....1st
Easter, John & Barbara	32, 33, 34, &35	Amended Big Island.....1st
Williams, Patrick & Patricia	36 & 37	Amended Big Island.....1st
Brown, Gary & Pamela	44 & 45	Amended Big Island.....1st
Zahn, Steve & Angela	48 & 49	Amended Big Island.....1st
Dunfee, John W. & Charlene	Lots 50-54 & pt 55	Amended Big Island..... 1 st
Boos, Dennis & Sheryl	Pt 55, 56, & Pt 57	Amended Big Island.....1st
Gutierrez, Golleen & Gregory	63, 64, 65, 66	Amended Big Island.....1st
Orler, Cathy	80, 81, & 82	Amended Big Island.....1st
Kleppe, Stephen & Shirley	85, 86 and PT 84	Amended Big Island.....1st
Middleton, Jerome & Marsha	Lot C of Resub Lots 95-101	Amended Big Island.....1st
Sowers, Thomas	Lot D of Resub Lots 95-101	Amended Big Island.....1st
Smith, Sharon	Lot E of Resub Lots 95-101	Amended Big Island.....1st
Holstead, Jeff & Pam	W-1	Big Island West
Watson, James & Jennifer	W-6 , W-7	Big Island West

EXHIBIT C
to the Bylaws of
Big Island Water Company

As of October 7, 2006, the following have paid for a water tap which is connected to the water system:

Shelton, Bob & Wanda	7 & 8	Big Island Lake Sites
Temares, Stanley	16	Big Island Lake Sites
Pro, John & Marilyn	29 & 30 (own 29-38)	Big Island Lake Sites
Vieth, John & Mary	46 & 47	Big Island Lake Sites
Ezard, William & Stephanie	Pt Lot 4 & 5, 6, 7	Amended Big Island 1 st
Cottingham, William & Pamela	19	Amended Big Island 1 st
Foster, Ed	22 & 23	Amended Big Island..... 1 st
Burford, William & Judith	26 & 27	Amended Big Island..... 1 st
Sowers, Tom	28, 29, 30	Amended Big Island..... 1 st
Sowers, James	38 & 39	Amended Big Island..... 1 st
Bracken, Don & Marilyn	40 & 41	Amended Big Island..... 1 st
Schweitzer, Kenneth & Linda	42 & 43	Amended Big Island 1 st
Connell, Evan & Janette	46 & 47	Amended Big Island..... 1 st
Adamson, Ron & Sheryl	Pt 59, 60-62	Amended Big Island 1 st
Boos, Dennis & Sheryl	57, 58, & Pt 59	Amended Big Island..... 1 st
Toombs, Jerry & Pam	66, 67, 68 & S ½ 69	Amended Big Island..... 1 st
Brinker, Robert & Christine	83 & Pt 82 & 84	Amended Big Island..... 1 st
Snyder, Gail & Betsy	Pt 95, 96 & 97	Amended Big Island..... 1 st
Martin, Cheryl	3	Portage Park Unit 1
Rubert, Milton & Donna	5 & 6	Portage Park Unit 1
Briley, Leon & Patricia	7	Portage Park Unit 1
Hermann, Robert & Grace	8	Portage Park Unit 1
Shore, Jeff & Stacy	9	Portage Park Unit 1
Youngblood, Jim & Linda	Lot 10 & Pt. 11	Portage Park Unit 1
Toombs, Lawrence & Rita	Pt. Lot 11 & 12	Portage Park Unit 1
Crowder, Jim & Linda	Pt. Lot 13	Portage Park Unit 1
Golden/Rusaw	Metes & Bounds Legal	Portage Park Unit 3
Beaman, N. Fred & Sharon	Pt. 4 & 5 of the Replat	Portage Park Unit 3
Grayum, James & Toni	Lot 1 of Resub of 3,4,5 & 6	Portage Park Unit 3
Truedson, Steve & Judy	Lot 4 of Resub of 3,4,5 & 6	Portage Park <u>Unit 3</u>
Davis, Scott & Tami	Lot 5 of Resub of 3, 4, 5,& 6	Portage Park Unit 3
Zeldin, Joyce	Pt. Lot 6 of Resub of 3,4,5 & 6	Portage Park Unit 3

Exhibit C - Page 2**Taps which are connected to the Big Island Water System**

Sowell, Lee & Sharon	7	Portage Park Unit 3
Cadwell, Phil & Mary	9	Portage Park Unit 3
Simmer/Gruidel, Roger & Jean	15, 16, & Pt 17	Portage Park Unit 3
Seibolt, Lawrence & Mary	Lot TH-A Resub of lots 3,4,5,6	Portage Park Unit 3
Kling, Curtis & Glenna	Lot TH-B Resub of Lots 3, 4, 5, 6	Portage Park Unit 3
Cole, Judy	Lot AA	Portage Park Unit 3
Haddock, William	Lot BB	Portage Park Unit 3
Jacobson Trust (Richard)	8	Portage Park Unit 4
Potter, Gary & Victoria	9	Portage Park Unit 4
Stenberg, Wayne & Lori	10	Portage Park Unit 4
Horne, Jake	11	Portage Park Unit 4
Watson, James & Jennifer	W-5	Big Island West
Holstead, Jeff & Pam	W-2	Big Island West
Folsom Ridge	W-10	Big Island West
Folsom Ridge	W-20	Big Island West

Big Island Water Company

Rules and Regulations

(Incorporated into the Bylaws under Article XVI)

General Overview

These are the rules and regulations of the Big Island Water Company, hereinafter referred to as the "Company". These rules and regulations are incorporated into the by-laws of the Big Island Water Company by reference in said bylaws. The purpose of the rules and regulations is to provide more detailed procedures governing the operation of the Company. These rules and regulations are adopted by the Board of Directors of the Company pursuant to subsection (13) of RSMo section 393.906 and are deemed necessary by the Board of Directors for the organization and operation of the Company. The purpose of the Company is to provide water service to the membership and to make service available to all residents of Big Island, Camden County, Lake of the Ozarks, Missouri as authorized in the bylaws and rules.

Terminology. As used in these Bylaws, the term "shall" is mandatory and the term "may" is permissive. The use of the male gender in any of these Bylaws shall also encompass the female gender and the use of a plural term shall encompass the singular and vice versa. Any reference to "Bylaws" shall include the "Rules and Regulations" herein stated. The headings shown in these Bylaws are for convenience only and shall not be construed to conflict with the terms of the text itself.

Section 1

Customer Billing Procedures

A. Bills, Billing Period, Method of Payment

Regular bills for water service will be sent to Customers at the beginning of each calendar quarter in which water service will be provided. Payment is due upon receipt of the billing invoice. Payment of all bills must be made to the Company Manager whose address shall be clearly stated on the billing invoice. Payment may be made in person at the Manager's office, or by U.S. mail, or by electronic fund transfer (E.F.T.). The bill becomes delinquent if payment is not received within twenty (20) days after the billing date. Bills shall clearly show the date issued, billing period, nature of the charge, place where payment shall be sent, date it will become delinquent, amount of the delinquent fee, and the phone number Customers may use to reach the Manager during normal business hours, and for an after-hours emergency. If bills are rendered for a period of less than one calendar quarter, due to connection or termination of service, the billing shall be adjusted to reflect the proportionate part of the quarter. Special Bills may be sent at any time at the determination of the Board

of Directors.

B. Quarterly bills for Water Service shall be in the amount set forth in the schedule of rates and charges adopted by the Board, and as the same may be amended from time to time by the Board. Charges for Water Service will commence on the date the water connection is completed and water service is provided to the residence. In the event of an unauthorized connection, charges will commence on the date the connection was made and no later than the date the Residence was first occupied. Quarterly bills may also contain any other applicable charges such as "Turn On", "Turn Off", "Late Fees", or "Returned Check Charges".

C. Special Bills may be levied during the year to meet unusual expenses of the Company affecting Members as determined to be necessary by the Board. When a Special Bill is to be issued to all Members, the Board will determine the appropriate assessment method before the amount is billed, the due date, and any special delinquent fee that may be applied to the Special Bill. Special Bills may also be issued in the discretion of the Board for special circumstances and be directed to individual Members or Persons as provided by these Bylaws.

D. Water Tap Fees

A Water Tap Fee shall be in the amount set forth in the schedule of rates and charges established by the Board and amended from time to time by the Board. Water Tap Fees shall be paid to the Company upon application for water service, unless waived by the bylaws of the Company or a written agreement obligating the Company to waive the tap fee.

E. Temporary Service for Builders

Contractors, builders, or others will be required to take water at the Company's established rates and shall be responsible for any applicable "turn on" and "turn off" fees. Bills for water service for building purposes are payable and due after service is rendered and upon presentation of invoice.

F. Turn Off & Turn On Fees

A separate Turn Off and Turn On Fee will be assessed each time a Customer requests the Company to turn water service "off" or "on" because of vacation, vacancy, or any other reason. Turn Off and Turn On fees will also be charged if the Company disconnects or resumes service as a result of default in payment of any fees or other charges authorized by Company bylaws and rules. Customers are prohibited from turning their own service on or off. Turn Off and Turn On fees shall be in the amounts set forth in the Schedule of Rates and Charges adopted by the Board and as amended from time to time by the Board.

G. Fees due to Unauthorized Service or Turn On

It shall be unlawful for any Person, other than employees or officials of the Company to initiate Water Service or make any connection to a Main. The Company shall have the right to recover all expenses incurred by the Company in connection with such illegal turn on or connection as well as any other remedies available under the bylaws, rules and Missouri statutes. If the Person making the unauthorized connection is not a Member or Customer, the Company may institute appropriate civil or criminal proceedings.

H. Taxes

Applicable sales taxes and other taxes, fees, charges, and impositions imposed by any governmental authorities having jurisdiction over the Water Service will be added to applicable bills. All such taxes, fees, charges and impositions are deemed to be a part of the charges for Water Service.

Section 2 **Tenant Billing Procedures**

A. Tenant Billing: An owner of a Lot may transfer water service to the name of a tenant who is leasing the owner's residence, provided all of the following conditions are satisfied:

1. The request for transfer of the service to the name of a tenant must be made in writing by the owner and the tenant. Said request may in the form of a copy of the lease agreement.
2. Requests to transfer water service to a tenant must state whether the owner wishes to be notified of any potential disconnection for non-payment by the tenant and whether the owner wants the opportunity to pay the outstanding balance to avoid disconnection and have service returned to the owner's name.
3. The term of the lease shall be for not less than one (1) year. Owners shall remain responsible for all billings if premises are leased for less than one year.
4. Tenant shall pay a Security Deposit to the Company in an amount equal to the estimated charges for two months of water service. The Security Deposit shall be retained by the Company until such time as the service is transferred back to the owner, or to a different approved tenant under this procedure. The Company shall have the right to apply any Security Deposit against any unpaid bill owed by the tenant. If the Company makes use of the Security Deposit in this manner, the owner shall be deemed delinquent until the Security Deposit is replenished by the owner, the tenant, or a subsequent approved tenant.

B. Termination of Service to a Tenant

- 1.. If a Tenant becomes delinquent, is scheduled to have water service terminated, and the Lot Owner did NOT indicate (at the time service was initiated) a desire to be notified of potential disconnection for non-payment, then termination of water service shall proceed without owner notification.
2. If a Tenant becomes delinquent, is scheduled to have water service terminated, and the Lot Owner DID indicate (at the time service was initiated) a desire to be notified of potential disconnection for non-payment, then the Company shall, before service is terminated, mail written notice of the default to both the tenant and the owner. If full payment is not received within ten (10) business days of the date of mailing or within three (3) business days, in the case of notice personally delivered, service shall be terminated.
- 3.. If a Tenant fails to pay for regular water service, or any other fees or charges authorized by Company bylaws, rules, and regulations, the Owner of the Lot shall be liable for the applicable fees and charges and the Company collect such delinquencies from the Owner as authorized by the bylaws and rules.

Section 3

Consequences for Violations

A. Late Fee. A one-time late fee in an amount specified on the "Schedule of Rates and Charges" (or as determined by the Board of Directors in the case of a Special Bill) shall be applied to the Quarterly Bill of any Customer who does not pay the bill by the delinquent dates. In the case of payments received by the Company by mail, if the envelope bears a postmark on or before the delinquent date, no late fee shall be assessed.

B. Shut Off. The Company will have the right to discontinue service for any of the following reasons after a "shut off" notice as been provided:

1. Failure to comply with the bylaws , rules and regulations.
2. Nonpayment of a bill for water service.
3. Resale of water service by the Customer
4. An unauthorized connection to the Water System.
5. Fraud or misrepresentation of identity by a Customer in applying for service.
6. Failure to post a Security Deposit by the time, or in the amount, requested; or Failure to replenish any Security Deposit
7. Unauthorized interference with or diversion of water service.
8. Less than full payment of a bill for Water Service
9. Refusal, after reasonable notice, to permit inspection, maintenance, or

replacement of utility equipment.

10. Denying an authorized Company representative right of entry as permitted by the bylaws and rules.

C. Shut Off Notice. Before discontinuing water service, the Company shall provide a "Shut-Off Notice" to the Customer by either personal delivery, or by first class postage paid U.S. mail, advising the person of the reason for the proposed discontinuance, stating the date of proposed Shut Off (which shall be at least ten (10) business days from the date of mailing, or three (3) business days in the case of notices personally delivered). The notice shall state the alleged violation and provide the name, address, and telephone number of a representative of the Company to contact to attempt to remedy the situation. If a situation exists where public health or safety are in jeopardy, or where there is the potential for damage to the Water System, the advance notice requirement shall be waived and water service immediately discontinued without prior notice. In such situations, the Company shall provide written notice of the discontinuance to the Person or Customer as soon as practicable under the circumstances. Restoration of service shall not be made until the violation has been remedied to the satisfaction of the Company and all applicable charges, including Turn Off and Turn On Fees and damages have been fully paid.

D. Security Deposit. If the Customer has paid a bill after the delinquent date for three (3) consecutive quarters in a calendar year, or for five (5) consecutive months where billings are monthly, the Company shall have the right to require a Security Deposit as a condition of continued service or restoration of service. The Security Deposit shall be no more than twice the highest previous bill actually incurred, or estimated to be incurred by the Customer in the upcoming 12 month period, based on service at the same or similar location.

The security deposit shall be retained by the Company until such time as the Customer has demonstrated the ability to make timely payments by paying bills prior to the delinquent date for four(4) consecutive quarters, or 12 consecutive months where billings are monthly. The Company shall have the right to apply any Security Deposit against any unpaid bill. If the Company so applies the Security Deposit, the Customer shall be deemed delinquent until the Security Deposit is replenished. A Security Deposit also may be required of existing or former Customers who have previously been disconnected for nonpayment of service charges or for violation of any of the bylaws, including the rules and regulations.

E. Returned Checks. There will be a charge of no less than Fifty Dollars (\$50.00) assessed for each returned check issued to the Company by a Customer. After a Customer has issued a check to the Company for Water Service or other charges and the check has not been accepted for payment by the Customer's bank on two (2) occasions, the Company shall have the right to demand payment for future water bills in cash or by money order.

F. Liens & Law Suits. If a Customer payment for water service is 90 days or more past due, the Company may file a lien notice against the real property serviced by the water and commence legal action for all past due amounts as well as all collection costs incurred by the Company, including court costs and attorney fees. No water service will be available until all charges, including all fees, rates, penalties and reimbursement for expenditures made by the Company have been paid.

G. Company May Cure. If a Customer or Person fails, within the specified time following notice from the Company, to cure a default or nonconformance described in the notice; the Company may, in addition to and without waiving any other remedy, perform the work deemed necessary to cure and charge the Customer or Person for the actual costs incurred in connection therewith. In the case of a Customer, the Company may add those costs to the Quarterly Bill. In the case of a Person who is not a Customer, the Company may directly bill the Person.

H. Injunctive Relief. In addition to, and without waiving any other available remedy, the Company may seek injunctive relief from any act or omission which violates these Bylaws, rules and regulations and which jeopardizes the Water System or the health of any Person.

I. Concurrent Jurisdiction. The Company and its personnel are hereby authorized to enforce any and all provisions of any governmental authority having jurisdiction over the Water System and any lawful order or direction of any such governmental authority, with the same full force and effect as if such provision or order were set forth in these rules and regulations.

J. Fines To Pass Through. Any Person who, by act or omission, causes the Company to incur any fine, penalty or assessment to be imposed by any state, federal or governmental authorities shall be liable to the Company for the total cost of the fine so assessed. Such amounts shall be payable as a Special Bill authorized by the Board.

K. No Damages for Failure to Enforce. The purpose of the Bylaws governing the provision of Water Service is to establish an operating framework for the Company and its Customers for the exclusive benefit of the Company. Nothing herein shall create any right to damages against the Company, its Board of Directors, officers, agents or employees by reason of the Company's failure to enforce these Bylaws or mistake by the Company's agents in administering these Bylaws, and each Customer by taking Water Service consents to same.

L. Billing Errors. The Company shall not be bound by bills issued by mistake of fact as to the quantity of service rendered or by clerical error, and shall have the right to issue corrected bills.

M. Severance If any section, subsection, paragraph, clause, or other provision of these Bylaws shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, subsection, paragraph, clause, or other provision shall not affect any of the remaining provisions.

Section 4

Member (Customer) Agreements

A. Members Must Agree to:

Membership in the Company is contingent upon the member's agreement to:

- 1) use the facilities constructed, or caused to be constructed by the Company,
- 2) abide by the rules and regulations of the Company,
- 3) remain current on all financial obligations to the Company

B. Request for Disconnection

Any Customer desiring to have water service disconnected shall notify the Company a minimum of forty-eight (48) hours in advance of the requested date of disconnection and pay the designated disconnection or "Turn Off" fee in advance. Disconnection of service by this means shall not be deemed completed until the Company's representative has accomplished the disconnection by operating and closing the valve connecting the Customer's property to the Main and has inspected and approved the same. From and after the effective date of disconnection, the Company shall not assess any Quarterly Bills for the property so disconnected, but this provision shall not relieve any Person of any amounts previously owing to the Company.

C. Request to Re-connect

Any reinstatement of a voluntary disconnected service shall be treated as an application for new service. A re-connection fee as specified by the Board shall apply. Any charges issued against the Lot shall be paid in full before re-connection is allowed.

D. Customers not to Open or Close Valves

No customer shall open or close any of the Company's curb stops or valves in any public or private line.

E. Customers to Allow Reasonable Access to Premises

Authorized agents of the Company shall have reasonable right of access, with prior notice, to Customer premises for the purpose of examining pipes and fixtures, observing the manner of water usage, and for any other purpose which is proper and necessary in the conduct of the Company's business including observation, testing measuring, and sampling.. Such agents shall carry proper credentials evidencing their employment by the Company.

F. Customer Responsibility for Repair

Except as expressly provided in these rules and regulations, each Member or Customer shall be responsible for maintaining, repairing, and, when necessary, replacing the entire length of the Customer's internal piping, external piping, and the customer line up to the connection of the Main, except for any piping that may not lie within the Customer's property lines. All repairs and maintenance to the Customer's Service Line must be performed by a licensed and bonded plumber and at the expense of the Customer. Repairs and maintenance shall be performed within a reasonable period of time after notification of the existence of the condition. The Company shall determine what constitutes a "reasonable" period of time. If the leak or repair has not been satisfactorily addressed within such time period, the Company shall have the right to discontinue water service to the Customer until such time as the repairs have been made. The Company shall also have the right, but not the obligation, to make the repair on behalf of the Customer and charge the Customer for the full cost thereof. The Company shall have the right to add said costs of repair to the Customer's regular billing invoice to effect reimbursement.

G. New Owner - New Application for Service

Upon a sale or transfer of ownership of any Lot served by the Water System, the new owner must apply for water within five (5) days of closing. The application must be made to, and approved by, the Company. If the application is not made, the Company may, upon five days notice, discontinue the Water Supply until the application has been made and approved and "turn on" and "turn off" fees have been paid. For purposes of this paragraph, the term "sale" or "transfer" shall not include a transfer to a trust in which the Member or customer is a grantor, trustee, or beneficiary nor shall it include a transfer authorized by Chapter 461, RSMo 2000, as it may be amended (the Nonprobate Transfer Law of Missouri) to a Grantor's Trust. Each New Customer, by accepting water service, agrees to be bound by the bylaws and rules and regulations of the Company.

H. Notice Prior to Excavation

In accordance with Chapter 319 RSMo, any Person who excavates in any area where the Water System is located shall give notice to the Company of the date, extent, and duration of such excavation. The notice shall be given not less than two business days before the beginning of any such work.

Section 5

Company Obligations & Powers

A. Company Powers

The Company shall possess all those powers granted to nonprofit water companies by virtue of section 393.906 RSMo 200 as the same shall be amended from time to time.

B. Obligation to conform to D.N.R. Regulations

The Company, and any developer or contractor with whom the Company has a business affiliation, shall construct, maintain, extend, and operate the Water System in conformity with the rules and regulations prescribed by the Missouri Department of Natural Resources relating to the manner and methods of construction, maintenance, and operation in the best interest of public safety.

C. Obligation to Contract for Ownership

The Company shall contract to obtain full ownership of the current Water System and shall accept ownership responsibility for only those additional facilities which have been formally conveyed to, and accepted by, the Company as part of the Water System in accord with the Bylaws and these Rules and Regulations.

D. Obligation for Central Water System Only - - Not Individual Service Lines

The company shall own, operate, maintain, repair and, when necessary, replace the components which comprise the Central Water System. The Company shall NOT be obligated to install, operate, maintain, or repair any service line providing service to an individual member of the Company.

Section 6
Liability

A. Members not Liable for Company Debts

In accord with RSMo 393.951, the private property of the Members shall be exempt from execution for the debts of the Company and no Member shall be liable or responsible for any debts of the Company.

B. Company not Liable for Damage Stemming from Individual Service Lines

The Company shall, in no event, be responsible for damage to persons or property (real or personal) caused by the location of, condition of, or water escaping from a Customer's Internal Piping or External Piping or any other Service Line, pipe, or fixture owned by the customer.

C. Company not Liable for Events Beyond Its Control

The Company shall not be liable for any claim or damage arising from a shortage of water, the breaking of machinery, or other facilities, or for any damage or inconvenience suffered by the customer, or for any claim for interruption in service, lessening of supply, inadequate pressure, or poor quality of water beyond its control.

D. Statements by Agents - Not Binding if Contrary to Bylaws or Rules

No agent or employee of the Company shall have the right or authority to bind the Company to any promise, agreement, or representation contrary to the letter or intent of these rules and regulations.

E. Liability for Damages

No Person shall maliciously, willfully, or negligently break, damage, destroy, uncover, deface or tamper with any structure, appurtenance or equipment which is a part of the Water System. Any Person violating any of the provisions of these Bylaws shall be liable to the Company for any expense, loss or damage to the Company or its property, occasioned by reason of such violation, and shall indemnify the Company and its Members against and hold it and its Members harmless from and against any expense, loss or damage occasioned by any other Person by reason of such violation. The Company may issue a Special Bill for any such expense, loss, or damage.

F. Limitation of Company Liability

The Company shall not be liable for, and no claim shall be made against the Company for damage to personal or real property of whatever nature or description resulting from any cause related to turning water service off or on, leaking from broken or damaged piping or valves, or other facilities. The owner and occupants of the premises being served shall be liable for all expense, loss, or damage resulting from failure to repair any leaks or breaks in the Customer's Internal Piping, Customer's External Piping, or Customer Service Line to the premises. All Members are encouraged to obtain insurance against all such risks.

G. Liability Indemnification.

The Company shall indemnify each person whom it may indemnify to the fullest extent permitted by Sections 355.471 and 355.476, RSMo; and, the Company may purchase and maintain such insurance to the fullest extent permitted by Sections 355.476 and 355.496.

H. Limitation of Authority

Employees or agents of the Company are expressly forbidden to demand or accept any compensation for any service rendered by the Company except as provided in these Bylaws. No employee or agent of the Company shall have the right or authority to bind it by any promise, agreement, or representation contrary to the intent of these Bylaws.

Section 7

New Construction or Service

A. Permits Required

No Person shall connect to, or use, the Water Mains of the Company without first applying to the Company and obtaining a Permit For Water Service from the Company. Any

connection to a Water Main without the Company's advance permission shall be deemed an Unauthorized Connection. No Water Service shall be supplied until the Company is satisfied all construction is in accord with applicable rules and regulations and any applicable fees have been paid.

B. Customer Lines at Customer Expense

All cost and expense incident to the installation and connection of Customer Service Lines shall be borne by the Customer. All Customer Service Lines shall be designed and constructed in accordance with the Technical Standards and Specifications and any applicable governmental rules, regulations, standards, and building codes. After installation, any movement of a Customer Service Line at the request of someone other than the Company shall be paid for by the Person requesting the change.

C. Multiple Use of Taps Prohibited

Unless approved by the Company Engineer, no more than one residence shall be served by a single Tap or Customer Service Line. No branches of Customer Service Lines are allowed unless approved by the Company Engineer. In the event of a subdivision, sale, or transfer of any part of any Lot served by a Customer Service Line, the owner of that part of the premises closest to the Tap, following the route taken by the Service Line, shall keep the original Tap and Customer Service Line for his part of the property. New Taps must be obtained for the other parts within thirty (30) days of the date of such subdivision, sale or transfer. Any violation of this Section shall be deemed an Unauthorized Connection. This provision shall not apply to Multiple Use Taps in the Service Area that are in existence at the time these rules are approved.

D. No Joining of Taps

Each Tap is a separate permit for use and no user may or shall allow any Taps to be joined, interconnected, or manifolded together.

E. Permit for New Service

1. No Person shall cause or permit any connection to any Main without first obtaining a Permit as provided in these rules and regulations. Any person who desires to obtain new service to a Lot within the Big Island Service Area shall make written application for said service at the office of the Company, or the office of the Manager of the Company upon such forms as may be required and furnished by the Company.
2. The application for Service shall be in writing, signed by the prospective Customer, and accompanied by the appropriate fees and other information required by the Company. The application must state the name and owner of

the Lot. Every applicant, upon signing an application for service, shall be considered to have expressed consent to the Company's Bylaws as well as the Company Rules & Regulations, as the same may change from time to time.

3. Customer Service Lines are to be installed in accordance with the prevailing plumbing or engineering standards. With the exception of those lines in existence at the time these bylaws are adopted, or otherwise allowed by the Company Engineer, Customer Service Lines will not be approved unless a Main is directly adjacent to the property to be served and the Service Line is perpendicular to a point on the residential building for the full length of the line. No Tap Permit shall be issued if the Service Line is proposed to extend along (parallel to) any street or roadway or through the property of others. No Customer Service Line shall be laid in the same trench with a sewer pipe.

F. Standards for Approving Permits

Upon determining all the following conditions exist, or have been met, with respect to the new application, the Company shall issue a Permit for the service requested:

1. The written application complies with the requirements and restrictions pertaining to permits. The application is accurate, complete, in proper form, and clearly shows the intended location of the proposed Service Line.
2. The Person making the application is a licensed and bonded plumber and has authority or consent from the Member or prospective Customer.
3. All applicable fees imposed by the Company relating to the provision of Water Service to that particular Lot have been paid at the time of application.
4. The Lot to which service will be provided is within the Big Island Service Area, or the Board has granted written permission for the service per a Main Extension; and
5. The Main on which the Tap will be made has been accepted by and is owned by the Company.

Notwithstanding compliance with the foregoing conditions and any other provisions of these Bylaws to the contrary, the Company may withhold Permits or approvals for service from any individuals or facilities, whether private or public, which do not conform with these Rules and Regulations in the opinion of the Manager and a majority of the Board.

G. Revocation of Permits

The Company may revoke any Permit, before or after the connection to the Main is activated, upon determining the application contains false, inaccurate, or misleading information and had it not been for said misinformation, the application would have been rejected when made.

H. Expiration of Permits

Obtaining a Permit from the Company does not obligate the Customer or Member to install the Tap or Service Line and activate the service; but, with the exception of those lots described on Exhibit B, such Permit shall expire and be of no further force or effect if the Tap is not installed and the service not activated within (1) year from the date the permit was issued. All fees associated with Permits shall be non-refundable, except as provided in Article III paragraph B.

I. Permits Are Not Transferable to Another Lot

Each Permit applies only to the particular premises identified in the permit. No permit shall be transferred from one lot to another without the approval of a majority of the Board of Directors of the Company. However, taps and tap permits shall be deemed to follow any transfer or sale of the ownership of the Lot for which the tap and permit were installed or issued.

J. Installation Standards

The Customer or Member shall connect to the roadside Tap at his or her sole expense, subject to all requirements of the Company Bylaws and these rules and regulations, including the following:

1. Inspection. No connection, or tap, into a main water line shall be activated until it has been inspected and approved by the Company. The Person who will be making the Tap shall notify the Company Manager not less than 48 hours before the completed installation and set a time for the Company's inspection thereof. A representative designated by the Company must approve all connections prior to the excavated trench being backfilled by the Contractor. If the connection has been backfilled BEFORE the Company is allowed to inspect it, the Customer is responsible for all costs associated with re-opening the trench to allow proper inspection. Water Service will be denied until a satisfactory inspection occurs.

2. Record Drawing. A Customer shall supply the Company with a Record Drawing, conforming to the Company's standards, immediately after the Service Line connecting the residence to the tap has been completed. The Drawing shall show the location of the Tap, as well as the service line. It shall also show the number of feet between the Service Line and any above ground landmarks, such as concrete drives, sidewalks, retaining walls, etc. The purpose of the drawing is to make location of the underground lines easily ascertainable after they are covered.

3. Cure of Defects. A Customer shall, at his sole cost, correct, repair or replace any work performed, during installation of a Tap or Service Line, which the Company reasonably determines was not constructed in conformity with DNR regulations or Company rules and bylaws. A Customer shall, at his sole cost, correct, repair, or replace work performed which is not constructed in conformity with approved plans, construction notes or specifications, or which the Company otherwise determines to be defective, of poor or unworkmanlike quality, or otherwise not in conformity with any applicable warranty. Cure of defects by the Customer shall be administered and enforced under these rules.

K. Outdoor Watering - Irrigation Systems

Lawn and garden sprinkling will be permitted through flexible hoses if equipped with hand or automatic nozzles. Underground lawn sprinklers and irrigation systems are strongly discouraged, unless serviced by an alternative water source, and may be installed only with approval by the Company. If approved, Customer must furnish schematic drawing of the proposed pipe layout, together with valves, sprinkler heads, and appurtenances, including sizes and specifications. This provision shall have no effect on irrigation systems in existence in the Service Area at the time the bylaws are approved.

L. Water to be turned on by Authorized Agent - one exception

Water supply to the premises of any Customer shall not be turned on by any person who is not an agent of the Company with one exception: A licensed plumber, with Company approval, may temporarily turn on the water supply for the purpose of testing his work, provided it shall be turned off immediately after the test is completed.

Section 8 **Backflow Prevention**

A. Cross Connections

The purpose of this section is to establish an enforceable cross connection control to preserve safe potable water and to prevent contamination from backflow..

1.) A Cross Connection is any connection or structural arrangement between the Company's public water supply and any source or system through which backflow can occur. Bypass arrangements, jumper connections, removable sections, swivel or changeover devices, and other temporary or permanent devices through which, or because of which, backflow can occur are considered cross connections.

2.) No person or potential customer shall be given a service connection of any type until the water plumbing system has been approved as having complied with all requirements of the Company Manager or Engineer.

3.) No person or customer shall be permitted to install or maintain a cross-connection to the Company's public water supplies.

4.) Customers who previously obtained water from a private well shall cap all wells from which they acquired a water supply prior to connecting to the Company Water System.

B. Backflow Prevention

1) Backflow is a flow of any foreign liquid, gas, or other substance into the Company's public water supply from any other source than the intended one.

2) An approved backflow prevention device shall be installed to each Customer Service Line where, in the judgment of the Company Manager or Engineer, or state agencies, there exists a potential of pollution to the Company's public water supply.

3) An approved backflow prevention device shall be installed on each Customer Service Line serving premises where one or more of the following conditions exist:

- (A) Premises on which any substance is found which may create an actual or potential hazard to the public water supply.
- (B) Premises where, because of security requirements or other prohibitions or restrictions, it is impossible or impractical to make a complete cross-connection survey.
- (C) Premises where cross-connections are found after having been ordered to be disconnected.
- (D) Premises having fire protection systems utilizing storage tanks, pumps, any chemical additives, and auxiliary supply of water or Siamese connections.
- (E) Premises having an outdoor irrigation (sprinkler) system or where the outlet end of a fixture or hose may be submerged.
- (F) Premises having facilities or processes including, but not limited to:
 - a. Laboratories, medical facilities
 - b. Docks and waterfront facilities
 - c. Sewage treatment plants, pump stations, or storm pumping stations
 - d. Premises where water is used for other than household purposes.

C. Backflow Prevention Devices

1. There are two types of backflow prevention devices recognized by the Company: (a) air gaps, and (b) reduced pressure devices. The mechanical device shall be one that meets AWWA Standard C 506-78 as hereafter revised.
2. A backflow prevention device shall be installed in accordance with the recommendations and specifications of the manufacturer of the device.
3. Any existing backflow prevention device installed prior to the effective date of

this program shall, except for inspection, testing, and maintenance requirements, be excluded from these requirements provided the Company, Plumbing Inspector, and State Agencies are assured the device will protect the Company's public water supply.

D. Customer Responsibility for Backflow Devices

1. When the Customer requests water service, he shall advise the Company in writing as to:
 - a) any alternate source of water which may be used in his facility;
 - b) the type of fire protection to be utilized, if any; and
 - c) the type of facility or process to be utilized.
2. The Customer shall submit two copies of certified plans for fire service connections, lawn or irrigation systems and other facilities requiring approved backflow prevention devices to the Company for approval prior to construction.
3. It shall be the responsibility of the Customer to have an inspection of and operational test performed for the back flow prevention device in accordance with the manufacturer's procedures to insure the device is in proper operating condition at all times. The customer must maintain a log certifying the timely testing and proper operation of the backflow prevention device. A copy of the annual inspection report must be sent to the Company.

E. Responsibility of Company - Backflow Devices

1. Upon receipt of information furnished by a customer indicating the potential need for a backflow prevention device, Company shall promptly advise the Customer if the installation of such a device is actually required.
2. Company shall have the right to enter upon a customer's premises, at a reasonable time, to inspect and check the customer's compliance with these rules.
3. The Company may deny or discontinue water service to a Customer if:
 - a) the required backflow prevention device is not installed;
 - b) it is found the device has been removed or bypassed;
 - c) the Customer does not have his device properly tested and maintained as required by the rules.

Water service to such premises shall not be restored until the deficiencies have been corrected to the satisfaction of the Company and its rules and regulations.

Section 9

Repairs

A. Interruption of Service

The Company may, without notice and without liability to any Person or Customer, suspend service when the Company determines repairs are necessary for the safety of the Water System. To the extent practical under the circumstances, the Company will attempt to provide advance notice to any Customers who are anticipated to be affected by a repair shut off.

B. Customer Responsibility for Repair

Except as expressly provided in these rules and regulations, each Member or Customer shall be responsible for maintaining, repairing, and replacing the entire length of the Customer's internal piping, external piping, and the customer service line beginning at the point where the service line leaves the Main and enters the Customer's property. All repairs and maintenance to the Customer's Service Line must be performed by a licensed and bonded plumber and at the expense of the Customer. Repairs and maintenance shall be performed within a reasonable period of time after notification of the existence of the condition. The Company shall determine what constitutes a "reasonable" period of time. If the leak or repair has not been satisfactorily addressed within such time period, the Company shall have the right to discontinue water service to the Customer until such time as the repairs have been made. The Company shall also have the right, but not the obligation, to make the repair on behalf of the Customer and charge the Customer for the full cost thereof. The Company shall have the right to add said costs of repair to the Customer's regular billing invoice to effect reimbursement.

C. Right of Entry

Authorized representatives of the Company, including the Manager or Engineer, shall be permitted entry on all Lots within the Service Area at reasonable times for the purpose of inspecting, observing, measuring, sampling, testing, or to commence emergency maintenance, repairs, or corrective procedures in connection with the enforcement and administration of these Bylaws. This right of entry does not impose any obligation on the Company to effect any maintenance, repair, or corrective procedure. The Company and its representatives shall have the right to enter upon any Lot at any time, without prior notice, in emergency situations where immediate response or attention is deemed required for public health, safety, or the integrity of the water system.

Section 10

Extensions of Water Mains

A. Extensions of Mains.

This section is intended to apply in situations occurring after the initial installation of the Mains, or acquisition of the Mains, by the Company. The terms of this section will apply to the installation or extension of Mains by any Person other than the Company. The Company reserves the right to extend Mains in situations which it determines may be in the best interests of the Company and its Members, upon such terms and conditions as the Company may reasonably determine.

B. Definitions

1. Individual(s) shall mean a Person desiring a water main extension for purposes of making water service available to an existing or proposed, detached single family residence(s) occupied by or to be occupied by the requesting party(ies).

2. Developer shall mean a person, firm or corporation who sells two or more lots, parcels or tracts of land to others for the purpose of constructing thereon any type of building; who constructs any type of building, on land which has been subdivided for sale, lease or rent by or to a party(ies) other than the developer.

C. General

1. Any individual or developer may request water service to be made available to any lot(s) or subdivision under these rules and regulations.

2. The minimum size of water main to be installed under these rules and regulations shall be two (2) -inches inside diameter.

3. The normal routing for water main extensions shall be in public rights of way, preferably dedicated streets.

D. Approval Required; Improvements Agreement

No Person shall commence any construction to extend a Company Main without the prior written approval of the Company, following formal application therefor, and upon compliance with these Bylaws. Any Person desiring to extend a Main shall enter into a written improvements agreement with the Company setting forth any or all terms and conditions applicable to any Main Extension.

E. Location

Main Extensions shall be installed only in utility easements granted to the Company, or in roads or streets which a city, county, State Highway Department, or other public agency has accepted for maintenance as a public right-of-way.

F. Easements

Easements necessary to cover Main Extensions not located in a public rights-of-way shall be granted at no cost to the Company upon such terms as the Company may reasonably require before construction of any such Main Extension begins. The following minimum requirements shall be in effect in connection with all such grants:

1. **Legal Description.** The Company shall be provided a legal description of all easement parcels to be granted by any single conveyance instrument, consisting of a printed legal description, certified by a land surveyor registered in the State of Missouri, and an accurate survey drawing of each parcel, including north arrow and scale, tying each parcel to a survey land corner or corner of a platted parcel of land.

2. **Evidence of Title.** The Company shall be provided suitable evidence of title, consisting of a title insurance policy or commitment date within 30 days before the date of submission to the Company. Evidence of title must show all current mortgages and deeds of trust, liens, and other encumbrances against the property.

3. **Subordination Agreement.** The Company may require a properly executed and acknowledged subordination agreement for any easement or right-of-way parcel to exempt the same from the lien of any mortgage or deed of trust. If so required, the Company will not accept the Main Extensions or other facilities for maintenance until it receives all required subordinations. The Company reserves the right to require additional or supplemental evidence of title when the subordination agreement is tendered to the Company for recording.

G. Right of Way Acquisition Costs.

The Person desiring to extend a Company Main shall be responsible for and pay all costs and expenses associated with the acquisition and approval of all easements and rights-of-way necessitated thereby. These expenses include, but are not necessarily limited to, the Company's actual out-of-pocket costs incurred in connection with the review and approval of such easements and right of way.

H. Design and Construction

The Person desiring to extend a Main shall, at his sole cost, design, construct, and

install all Main Extensions, including without limitation frontage extensions, reasonable required by the Company. All such work shall be in conformity with and subject to these Bylaws, and, in particular, the Technical Standards and Specifications.

I. Plan Review and Approval

No construction of any Main Extension shall begin until after the plans and design therefor have been reviewed and approved by the Board and the Company's Engineer as conforming with Missouri Department of Natural Resources rules, regulations and standards and other applicable standards, and until after the Company has issued written notice that construction may begin. The Company shall not unreasonably withhold approval of the construction plans and design or its written notice to proceed with construction.

J. Construction Observation

The Company shall be notified at least forty-eight (48) hours before construction is commenced, and at any and all other times specified by the Company, for inspection, testing, plan approvals, or otherwise.

K. Conditional Acceptance.

Upon completion of construction, a request shall be submitted to the Company for a preliminary inspection of the Main Extension. The Main Extension will qualify for Conditional Acceptance by the Company when all of the following conditions have been met:

1. Company Review. The Company has determined that the Main Extension has been constructed and connected to Company facilities in conformity with these Bylaws, approved plans, construction notes and specifications, has passed all necessary tests, and has been approved for use by all other governmental entities and agencies having jurisdiction.

2. Contractor Requirements. Contractor has tendered and the Company has approved the following:

- (A) Record Drawings of the utility extension plan, photographically reduced to 1" = 100' scale on mylar drafting film, and certified compaction test results;

- (B) Key map pages consistent in form and content with current Company requirements as to key maps showing the location of all component parts of the Main Extension, or other arrangements approved in writing by the Company have been made for the preparation thereof;

- (C) A 12-month maintenance bond, or other security approved by the Company, in an amount equal to ten percent (10%) of the costs of constructing

the Main Extension, or such greater amount as may be reasonably determined by the Company on account of special circumstances of the particular Main Extension, or any portion thereof;

(D) A duly executed written statement that all suppliers of labor and materials have been fully paid, with lien waivers attached;

(E) A duly executed written assignment of all manufacturer's warranties on materials, if applicable;

(F) All subordination agreements and partial releases required pursuant to this Article; and

(G) Payment of all sums then due to the Company in connection with the Main Extension.

3. Approval: Tap Permits. The Company shall evaluate the request and give written notice to the Contractor of its action, stating any special conditions attached to the Conditional Acceptance, or the reasons for denial of the request, if applicable. No Taps or Service Connections to the Main Extension will be permitted, nor will the Company accept applications for such Taps, until the Company has given its Conditional Acceptance of the Main Extension as herein provided. Such notice shall be issued in a prompt and timely fashion.

4. Effective Date. Conditional Acceptance shall be effective as of the date the Company executes the Conditional Acceptance form. As of such date, the Main Extension shall be deemed operational, and any Person may apply to the Company for Tap Permits to such Main. The Company's acceptance of the Main Extension, whether conditional or final, does not, however, guarantee that Taps will be available. Availability of Taps is governed at all times by the provisions of these Bylaws, and such availability is determined in accordance therewith at the time proper application for service is made.

L. Maintenance and Repair

Until Final Acceptance of the Main Extension, Contractor shall be solely responsible for all routine maintenance and for correction of any and all defects in the Main Extension, as set forth below:

1. Routine Maintenance. Contractor shall, at its sole cost, protect the Main Extension and perform all routine maintenance thereon so as to keep it in good repair and operating condition. Such obligations shall include the repair or replacement of any part or parts thereof damaged as a result of street construction, construction related improvements, paving, utility installation, or negligence of construction workers. In addition, Contractor shall, at his sole cost, correct any soil subsidence or erosion which

the Company determines occurred as a result of construction of the Main Extension.

2. Cure of Defects and Deficiencies. Contractor shall, at his sole cost, correct, repair or replace any part or parts of the Main Extension which the Company reasonably determines were not constructed in conformity with these Bylaws, approved plans, construction notes or specifications, or which the Company determines to be defective, of poor or unworkmanlike quality, or otherwise not in conformity with any applicable warranty.

M. Acceptance for Maintenance (Final Acceptance).

1. Standard. Prior to the expiration of one year from the date of Conditional Acceptance (or any longer period of time reasonably determined by the Company on account of the particular circumstances) of the Main Extension or any portion thereof, Contractor may request the Company to perform a final inspection and accept the Main Extension for maintenance. Upon such request, the Company shall immediately authorize its engineer to inspect the Main Extension in a timely fashion and shall accept the same for maintenance when all of the following conditions are met:

(A) Company Review. The Company determines that the Main Extension has been constructed and connected to Company facilities in conformity with these Bylaws, approved plans, construction notes and specifications, has passes all necessary tests and has been approved for use by all other governmental entities and agencies having jurisdiction.

(B) Maintenance and Repair. Contractor has fully performed all maintenance and repair obligations imposed upon it during the period of Conditional Acceptance.

(C) Owner Requirement. Contractor has tendered and the Company has approved all of the following:

(1) A statement of Actual Cost of the Main Extension, itemized as the Company may require, for the purpose of determining the amount of the maintenance bond required by these Bylaws.

(2) Any and all deeds, bills of sale, or other conveyance instruments necessary to vest title to all component parts of the Main Extension in the Company with warranties of title as provided in these Bylaws;

(3) All drawings, maps and construction notes pertaining to any changes in the Main Extension made during the period of Conditional Acceptance;

(4) Payment of all sums due to the Company from Contractor on account of the Main Extensions; and

(5) Lien waivers in form acceptable to the Company by all Persons providing labor or materials and all contractors or others entitled to mechanics liens, against facilities and properties included in the Main extension.

(D) Effective Date. The Company's final acceptance of the Main Extension for maintenance shall be effective as of the date the Company executes the Final Acceptance form. As of such date, and in consideration of Company's agreement to operate and maintain the Main Extension at its expense on a going forward basis, all of Contractor's right, title and interest in and to the constructed Main Extension, shall immediately pass to and vest in the Company, free and clear of all liens and encumbrances, and Contractor shall warrant and defend conveyance of such Main Extension to the Company, its successors and assigns, against all and every Person or Persons whomsoever. As of the date of Final Acceptance, the Company shall operate and maintain the Main Extension at its expense. Nothing contained herein, however, shall be construed to relieve Contractor from its warranty obligations set forth in these Bylaws or in any separate agreement. Nothing herein is to be construed as making Company responsible for any Service Lines, Customer's Exterior Piping, or Customer's Interior Piping.

Section 11

Construction Standards

A. General Construction Standards.

All excavations and other work on Mains, Main Extensions, Taps or other portions of the Water System shall be performed in conformity with and are subject to the requirements and conditions set forth below.

1. Compliance. Contractor shall comply with all of these Bylaws, the Technical Standards and Specifications, specific instructions from representatives of the Company, and those laws, ordinances, rules and regulations imposed by any governmental authorities having jurisdiction over the Water System.

2. Safety. It shall be Contractor's responsibility to determine, initiate,

maintain and supervise all measures necessary to protect the public during construction.

3. Permits. The Contractor shall be solely responsible for obtaining any and all permits required for the work from other governmental entities or agencies having jurisdiction over the Contractor's work.

4. Subsurface Structures. The Company shall make available to the Contractor Record Drawings showing the location of its facilities in the vicinity of the work, but the Contractor shall be finally and solely responsible for determining the existence and location of all subsurface structures in such area, and shall indemnify and hold the Company harmless against any and all claims for damages to any such structures.

5. Warranty. All materials and workmanship furnished by the Contractor shall conform to the provisions of the Technical Standards and Specifications and to all plans and designs approved by the Company, and shall be free from all defects due to faulty or non-conforming materials or workmanship.

6. Inspections. Inspections and testings will be performed by the Company's representative during normal weekday business hours. Whenever an inspection or testing is required by a specific provision of these Bylaws or by the terms of any permit or plan approval, the Contractor shall give the Company such notice as is required and shall not cover or otherwise obscure the work to be inspected until the inspection has been made. If the Contractor should cover the work prior to inspection, the Contractor shall uncover or otherwise make such work accessible for inspection when ordered to do so by the Company. The inspections, testing and reviews performed by the Company are for the sole and exclusive benefit of the Company and nothing herein contained shall create any right to damages against the Company, its Board of Directors, officers, agents or employees by reason of any inspections, testing, or reviews required or authorized by these Bylaws, or by reason of the issuance of any approval or Permit for any work subject to this Section.

7. Independent Investigation. Contractor shall thoroughly examine the work site to ascertain for himself all soil, geological, groundwater and other conditions to be encountered which might affect the work being undertaken. The Contractor shall enter into such work relying on his own investigation and information, and not on any statements or representations, if any, that have been made by the Company.

8. Indemnification. By undertaking any work subject to this Section,

Contractor agrees to indemnify and hold harmless the Company from any and all liability, claims, and demands, on account of injury, loss, or damage, including without limitation claims arising from bodily injury, personal injury, sickness, disease, death, property loss or damage, or any other loss of any kind whatsoever, which arise out of or are in any manner connected with any work which is subject to these Bylaws if such injury, loss, or damage is caused in whole or in part by, or is claimed to be caused in whole or in part by, the act, omission, error, professional error, mistake, negligence, or other fault of Contractor, or which arises out of any Worker's Compensation claim of any employee of or any other Person claiming through the Contractor. Contractor shall investigate, handle, respond to any and all claims, and provide defense for the Company at the sole expense of Contractor. The Contractor also shall bear all other costs and expense related thereto, including court costs and attorney fees, whether or not any such claims or demand alleged are groundless, false, or fraudulent.

9. Record Drawings. Upon completion of the work, Contractor shall submit to the Company Record Drawings and certified compaction test results relating to such work.

B. Insurance.

Contractor shall not commence work on the Water System until insurance as provided hereunder has been obtained and certificated evidencing the same have been issued by the respective insurance companies to the Company.

1. Scope of Coverage. Contractor shall procure and maintain, at its own cost, a policy or policies of insurance sufficient to insure against all liability claims, demands, and other obligations assumed by Contractor pursuant to this Article. Contractor shall not be relieved of an liability, claims, demands, or other obligations assumed pursuant to this Article by reason of its failure to procure or maintain insurance, or by reason of its failure to procure or maintain insurance in sufficient amounts, durations, or types.

2. Types of Coverage. Contractor shall procure and maintain, and shall cause all of its subcontractors to procure and maintain, the minimum insurance coverages listed below. Such coverages shall be procured and maintained with policies and insurers acceptable to the Company. All coverages shall be continuously maintained to cover all liability, claims, demands, and other obligations assumed by Contractor pursuant to this Article. In the case of any claims-made policy, the necessary retroactive dates and extended reporting periods shall be procured to maintain such continuous coverage.

(A) Worker's Compensation insurance to cover obligations imposed by applicable laws for any employee engaged in the performance of work under this Article in such minimum amounts as required by law. If the Contractor fails to obtain or maintain adequate Worker's Compensation insurance, Contractor shall indemnify and hold the Company harmless from and against any claims, including all awards, costs, and expenses including attorneys' fees incurred by the Company as a result of any claims made by any of its employees or subcontractors or subcontractor's employees.

(B) General Liability insurance with minimum combined single limits of One MILLION DOLLARS (\$1,000,000) each occurrence and Three MILLION DOLLARS (\$3,000,000) aggregate. This policy shall be applicable to all premises and operations. The policy shall include coverage for bodily injury, broad form property damage (including complete operations), personal injury (including coverage for contractual and employee acts), blanket contractual, independent contractors, products, and completed operations. The policy shall include coverage for explosion, collapse, and underground hazards. The policy shall contain a severability of interests provision.

(C) Comprehensive Automobile Liability insurance with minimum combine single limits for bodily injury and property damage of not less than ONE MILLION DOLLARS (\$1,000,000) each occurrence and THREE MILLION DOLLARS (\$3,000,000) aggregate with respect to each of Contractor's owned, hired or non-owned vehicles assigned to or used in performance of the services. The policy shall contain a severability of interests provision.

(D) Professional Liability insurance with minimum limits of THREE HUNDRED THOUSAND DOLLARS (\$300,000) each claim and SIX HUNDRED THOUSAND DOLLARS (\$600,000) aggregate.

3. Miscellaneous. The policies shall be endorsed to include the Company and its officers and employees as additional insureds. Every policy required above shall be primary insurance, and any insurance carried by the Company shall be excess and not contributory insurance to that provided by Contractor. Contractor shall be solely responsible for any deductible losses under any policy required above.

4. Enforcement. Failure on the part of Contractor to procure or maintain policies providing the required coverages, conditions, and minimum limits shall constitute cause for issuance of a Stop Work Order hereunder. In addition, without

waiving any other available remedy, the Company may procure or renew any such policy or any extended reporting period thereto and may pay any and all premiums in connection therewith, and all monies so paid by the Company shall be charged to and paid by Contractor.

C. Required Submittals.

No Contractor shall begin any excavation or any other work on any Main, Main Extension, Tap, or any other portion of the Water System until the Contractor has obtained a Permit therefor, and has submitted, in addition to any other materials required elsewhere herein, the following, approved as to form by the Company:

1. Written Agreement. A writing duly signed by Contractor (i) acknowledging his consent to be bound by the provisions of the Company Bylaws, (ii) warranting that the work will conform to such provisions and will be free from defects due to faulty or nonconforming materials and workmanship; (iii) agreeing to indemnify the Company as provided in this Article; and (iv) agreeing to pay any and all applicable fees and charges provided by these Bylaws in connection with the work.
2. Insurance Certificates. Certificates prepared by Contractor's insurance agent in a form satisfactory to the Company evidencing that policies providing the required coverages, conditions, and minimum limits are in full force and effect. The certificate shall identify the work being performed and shall provide that the coverages afforded under the policies shall not be canceled, terminated or materially changed until at least thirty (30) days' prior written notice has been given to the Company. The Company reserves the right to request and receive a certified copy of any policy and any endorsement thereto.
3. Fees. The full amount of all fees payable in advance, or any required costs deposits, or both.

D. Stop Work Orders.

The Company may revoke any Permit for work and issue a Stop Work Order upon a determination that the Contractor has violated or has failed to meet any condition of the approval, any provision of this Article or any other standard, specification, or rule imposed by the Company or a governmental entity having jurisdiction over the Water System. A Stop Work Order may be issued orally or in writing by the Manager or Company's Engineer, and shall take effect immediately upon the issuance thereof, and remain in full force and effect until rescinded in writing by the Company. When issued orally, it shall be confirmed in writing within three (3) business days. It is a violation of the terms of any Stop Work Order issued pursuant to this Section except such as may be permitted by the Company in order to

render the construction site safe and secure.

E. Notice of Defects.

If the Company determines any part of the work was not performed in conformity with these Bylaws or approved plans, or is defective, or poor, or of unworkmanlike quality, or otherwise not in conformity with any applicable warranty, it may give written notice thereof to the Contractor. Such notice shall specify the non-conformity, direct the Contractor at its cost and subject to this Article to perform specified curative work, and specify the period of time determined by the Company reasonably necessary for completion of the curative work. If the Contractor fails within the stated time following such notice to cure the nonconformity specified therein, the Company, in addition to and without waiving any of its other remedies, may perform the work and charge the Contractor for its actual costs incurred in connection therewith.

F. FEES.

Contractor will pay the Company all fees imposed and assessed by the Company for permits, reviews, inspections, tests, approvals, and any other undertakings performed by the Company, its Manager or its Engineer or its professional consultants in connection with the administration and enforcement of these Bylaws.

G. Record Drawings

Contractors providing Record Drawings represent and warrant their accuracy. The Company does not independently verify any such drawings or information and therefore does not warrant their accuracy.

H. Mediation and Arbitration

In the event a dispute should arise between the Company and a Developer, Contractor, or any Individual desiring to make a Main Extension as provided in these Bylaws or as provided in any written agreement between the Company and one or more of such parties, the parties shall either:

1. Participate in at least four hours of mediation in accordance with the mediation procedures of United States Arbitration and Mediation Midwest, Inc. . The parties agree to share equally in the costs of the mediation. The mediation shall be administered by the offices of United States Arbitration & Mediation Midwest, Inc., 720 Olive Street, Suite 2300, St. Louis, MO 63101 at telephone number 314 / 231 - 4642, or by any other mediator mutually agreed to by the parties.
2. Refer the dispute to binding arbitration before United States Arbitration and Mediation, Midwest, Inc. in accordance with United States Arbitration and

Mediation Midwest Inc. Rules of Arbitration. The arbitrator's decision shall be final and binding and judgment may be entered thereon.

3. The costs of the mediation shall be borne equally between the parties. In the event of arbitration of the dispute, each party shall be responsible for its share of the arbitration fees in accordance with the applicable Rules of Arbitration.

I. Company to Act Reasonably

In exercising its rights and duties as provided in these bylaws, the Company shall not act unreasonably; specifically, it shall not unreasonably withhold its approval, where approval is required, nor act unreasonably with respect to inspections and application of prevailing construction and engineering standards.

Section 12 **Miscellaneous**

A. Adjacent Water Company

The Board of Directors is expressly authorized to cooperate and contract with any Adjacent Water Companies (now or hereafter existing) for the purpose of extending Mains and enlarging or supplementing the capacity of its wells or storage if such action would improve the Company's ability to supply or improve service to its Members or customers of the Company.

B. Service Requests from Outside Service Area

Water Service from the Company shall be furnished only to Members of Lots within the Service Area, unless special permission is granted by action of the Board and the permission granted therein is memorialized in writing. An owner of land outside the exterior boundaries of the Service Area who desires water service from the Company must receive special permission from the Board in advance and pay any fees specified by the Board to accomplish the connection, including but not limited to a Subscription Agreement, and then be responsible for payment of regular billing invoices in the same manner as any other Member.

C. Approval and Eligibility of Membership

Application for membership shall be approved upon the execution of a Subscription Agreement, the payment of all sums due thereunder, and an affirmative simple majority of Board at any regular or special meeting of the Board. The Company's obligations under any Subscription Agreement will not be effective until the application for membership is approved. If an application for membership is disapproved, the Subscription Agreement shall be deemed void and all sums paid thereunder shall be returned to the applicant.

D. No Cause of Action for Failure to Enforce Bylaws

The purpose of the Bylaws governing the provision of Water Service is to establish an operating framework for the Company and its Customers for the exclusive benefit of the Company. Nothing herein shall create any right to damages against the Company, its Board of Directors, officers, agents or employees by reason of the Company's failure to enforce these Bylaws or mistake by the Company's agents in administering these Bylaws, and each Customer by taking Water Service consents to same.

Section 13 **Definitions**

The following words and phrases, when used in these Bylaws, shall have the meanings specified below.

1. Adjacent Water Company shall mean any Person owning or operating a water treatment and distribution system that has a service territory, or has customers located on property, which is adjacent or coterminous with a Lot or residence that is owned by a Member or is served by the Company.
2. Board and Board of Directors shall mean the governing body of the Big Island Water Company.
3. Bylaws shall mean this set of Bylaws as adopted by the Board of Directors, as the same may be amended or repealed from time to time as authorized herein.
4. Company shall mean the Big Island Water Company, a Missouri non profit corporation.
5. Company's Engineer shall mean a licensed engineer who is contracted to do engineering work and consultation for the Company in connection with the Water System.
6. Contractor shall mean a Person who performs any work, either for itself or another, on any Service Line or the Water System, including all subcontractors, agents, employees, officers and other representatives of such Person.
7. Customer shall mean any owner of real property located within the Service Area who is connected to the Water System. Owners of real property within the Service Area who have purchased a tap for the purpose of connecting to the Water System at a later date shall not be considered Customers for purposes of these Bylaws until such time as they apply for service and actually connect to the Water System. A Tenant may be a Customer of the Company if the procedures outlined in the Bylaws with reference to Tenants have been followed. A Tenant will never be considered a Member of the Company
8. Customer Service Line shall mean and refer to that portion of the service pipe beginning where it leaves the Main and enters the Customer's property then extends to the Customer's premises.

9. Lot shall mean any platted lot within the Service Area. "Lot" shall also mean, in the appropriate context, an unplatted tract of ground upon which a residence, or more than one residence, has been constructed.
10. Main shall mean any pipe and appurtenant facilities of the Water System used for distributing or delivering water, but the term shall not include Customer Service Lines.
11. Manager shall mean the Person appointed by the Board to manage the operation of the Company pursuant to a contract entered into for that purpose.
15. Member shall mean a Person who owns property within the Service Area and is receiving water from the Big Island Water Company and is therefore deemed to be a Member of the Company. Any Person with an ownership interest in a Lot within the Service Area has the potential to qualify as a Member.
16. Membership Agreement shall have the same meaning as Subscription Agreement.
17. Quarterly Bill shall mean the Quarterly invoice sent by the Company to each Member or Customer for Water Service.
18. Permit shall mean the form of approval from the Company to construct improvements and to connect to the Water System.
19. Permitted Premises shall mean a Lot and improvements thereon to which Water Service is permitted under any particular Tap Permit.
20. Person shall mean any individual, developer, corporation, partnership, limited liability company, trust and any other public or private entity or group.
21. Record Drawings shall mean representative drawings of installations based upon information available from construction observation, measurements and construction contract requirements, which drawings shall include such other information relating to the installation as the Board, Manager or Engineer may request.
22. Residence shall mean the dwelling unit located on a Lot.
23. Security Deposit shall mean a monetary deposit made by a Member or Customer with the Company as a condition for provision or continuation of service as provided in these Bylaws.
24. Service Area shall mean the property located on Big Island at the Lake of the Ozarks, described in Exhibit A, attached to the Bylaws.
25. Water Main shall mean a Company owned water pipeline

26. Water Service shall mean the service provided by the Company which consists generally of offering, providing, treating, distributing and supplying water on terms and conditions authorized in these bylaws.
27. Water System shall mean all reservoirs, tunnels, shafts, dams, dikes, head gates, pipes, flumes, canals, structures and appliances, and all other real estate, fixtures and personal property, owned, operated, controlled or managed in connection with or to facilitate the diversion, development, storage, supply, distribution, sale, furnishing or carriage of water for domestic or other beneficial use. Although the Company has the authority to specify the design of the Customer Service Lines, and to specify certain maintenance for them, Customer Service Lines are not part of the Water System. The Customer's Internal Piping and the Customer's External Piping are also not a part of the Water System.
28. Water Tap Fee shall mean the charge imposed, and set by the Board from time to time, for authorizing a connection to a Main.
29. Special Bill shall mean an invoice sent to a Person or Member by authorization of the Board of Directors for services or requirements outside the scope of the Quarterly Bill.
30. Stop Work Order shall mean a communication, whether oral or written, from the Company to a Contractor to cease all operations or operation on a specific portion of a project.
31. Subscription Agreement shall mean a document prescribed and authorized by the Board of Directors which shall signify the Person's agreement to become a Member in conformance with the terms of these bylaws, and commit a Person to pay an amount specified by the Board for the organizational and operational capital needs of the Company and other provisions as deemed appropriate by the Board. Subscription Agreement shall have the same meaning as Membership Agreement.
32. Tap shall mean the physical connection to a Main which, together with the Tap Permit for same, effects water service to a Residence on a Lot.
33. Tap Permit shall mean the authority to connect a residence to the water main..
34. Technical Standards and Specifications shall mean the minimum technical standards and related operating rules for the design, installation, construction and maintenance of the Water System, as amended from time to time. The technical standards and specifications shall be subject to revision by the Company's Engineer and approval by the Board from time to time.
35. Unauthorized Connection shall mean any connection to the Water System made without the Company's advance permission. Any Person who makes an Unauthorized Connection to the Water System shall not be considered a Customer as defined in these bylaws, but will be subject to charges for the service obtained by the Unauthorized Connection.

ANY OTHER TERM not herein defined shall be defined as presented in the "Glossary - Water and Sewage Control Engineering," A.P.A., A.S.C.E., and W.P.C.F., latest editions. In the event of any conflict between the definition of a term used in these Bylaws and any other document, the definition in these Bylaws shall apply.

These Rules and Regulations of the Big Island Water Company are incorporated into the Bylaws of the Big Island Water Company under Article XVI.