

By-Laws
Mount Sherman Water Association
Revised/Adopted (January 13, 2014)

Mission Statement:

The Mount Sherman Water Association, henceforth referred to as MSWA or the Association, is a non-profit entity organized, chartered, and operated in accordance with the provisions of the Arkansas Non-Profit Corporation Act. The mission of the MSWA is to purchase water from the Ozark Mountain Regional Public Water Authority (OMRPWA) of the State of Arkansas and distribute that water in the most cost effective way possible to members of the MSWA, who are in good standing with the Association, through the network of piping which is owned, operated, and maintained by the MSWA. The quality of the water being distributed to the members of the MSWA is maintained by the OMRPWA under the rules and regulations set forth by the Arkansas Department of Health.

ARTICLE 1: Corporate Powers of the Mount Sherman Water Association

Section 1: The corporate powers of the MSWA shall be vested in the Board of Directors, hereinafter referred to as the Board.

ARTICLE 2: Purpose and Objectives

Section 1: The purposes and objectives of the MSWA are as follows:

- (a) To acquire water from the OMEPWA and to furnish that water through the MSWA distribution piping system to serve the needs of the members of the MSWA. The water distributed through the MSWA system shall be delivered to the water meter of the member. The meter and delivery piping up to that meter shall be considered the termination point.
- (b) To operate and maintain the MSWA distribution system in the most cost effective manner possible.
- (c) To manage the finances of the MSWA to include borrowing money from Federal or State Agencies when and if such a loan may be needed to expand or properly maintain the water distribution system.
- (d) To enter into contractual agreements which are deemed necessary to the effective operation of the MSWA and benefit of its members.
- (e) To cooperate with any person or with any governmental agency in any undertaking designed to further the purposes of the MSWA.

ARTICLE 2: Board of Directors

Section 1: The operational and legal affairs of the MSWA shall be managed exclusively by a volunteer group of individuals hereinafter referred to as the Board consisting of not less than five (5) persons as designated in the MSWA Incorporating Charter.

Section 2: A simple majority of the Board shall constitute a quorum for the transaction of business.

Section 3: The Board shall appoint from within its own members a President, a Vice-President, and a Secretary. The President is a non-voting member except in the case of a tie vote. In the absence of the President, the Vice-President will fulfill all the functions of the President, including casting a tie-breaking vote. The duties of each appointed Board members are as defined below:

- (a) The President shall preside as a non-voting member of the Board except to cast a tie-breaking vote as might be required.
- (b) The Vice-President shall preside at Board meetings in the absence of the President
- (c) The Secretary shall record and document the proceedings of the Board meetings. This duty may be assigned to other Board members as needed in the absence of the Secretary.

Section 3: No Director shall be paid, other than reimbursement of expenses or a stipend for services rendered, that have been pre-approved by the Board.

Section 4: The Board shall operate the MSWA in accordance with the provisions of the Arkansas Non-Profit Corporation Act under which the MSWA was chartered.

Section 5: From within its own members to the Board each member shall be elected for a period of three (3) years with terms staggered so that approximately one-third (1/3) of the Board is elected annually.

Section 6: Vacancies occurring during the term of a member may be filled by a vote of a simple majority of the Board with the designated individual serving the remainder of the term of the vacancy.

Section 7: Any member of the Board missing three (3) consecutive Board meeting can be removed from the Board at the discretion of and by a simple majority of the Board.

ARTICLE 3: Powers and Duties of Directors

Section 1: The Board, subject to the restrictions of law, and these By-Laws, shall exercise all the powers of the MSWA without prejudice to or limitation upon their

general powers, it is hereby expressly provided that the Board shall have, and is given, full power and authority in respect to the matters as hereinafter set out:

- (a) To select and appoint all agents and employees of the MSWA or remove such agents and employees of the MSWA for just cause, prescribe such duties and designate such powers as may not be inconsistent with these By-Laws, and fix their compensation and pay for faithful services. The Board, at its discretion, may hire as employees of the MSWA persons to fill the following positions:
 - 1. Treasurer: A bonded employee to manage the collection and distribution of MSWA funds in a manner approved by the Board.
 - 2. Water Operator: A certified and licensed water operator to make repairs, hookups, and disconnects to the MSWA distribution network.
 - 3. Meter Reader: A person responsible to read and record meter readings of the members meters and report such readings to the Treasurer who will prepare and distribute monthly billing notices to the members of the MSWA.
- (b) To prescribe, adopt and amend, from time to time, such equitable and uniform rules and regulations, as, in their discretion, may be deemed essential or convenient for the conduct of the business and affairs of the MSWA, and the guidance and control of its agents and employees.
- (c) To fix charges to be paid by each water user for services rendered to them by the MSWA, and the manner of collection and to establish separate rates for commercial entities according to the amount of services furnished.
- (d) To require all officers, agents, and employees, charged with the responsibility for the custody of any funds of the MSWA to give adequate bond which will be paid by the MSWA, and it shall be mandatory upon the Board to so require.
- (e) To select the banks and financial institutions to act as depositories of the funds of the MSWA and to determine the manner of receiving, depositing and disbursing the funds of the MSWA in the form of checks, and the person by whom the same shall be co-signed on behalf of the Board with the power to change such financial institution or person signing such checks and the form thereof at will.
- (f) Employee salaries, expense re-imbursement, and other compensatory payments shall be determined and adjusted by a majority vote of the Board.

ARTICLE 4: Operating Policy

Section 1: The Board shall develop and maintain a written Operating Policy as a guide to management of the MSWA distribution system.

Section 2: The form and contents of the Operating Policy shall be at the discretion of the Board but must be in full compliance with the Arkansas Non-Profit Corporation Act and regulations of the Arkansas Department of Health.

ARTICLE 5: Meetings

Section 1: The MSWA Board shall meet monthly in accordance with the Operating Policy of the Board but not less often than quarterly. The President of the Board or two (2) members of the Board may call for special meetings of the Board.

Section 2: The MSWA Board will host an annual meeting go the membership. The date, time, and location of the meeting will be published in the local newspaper(s) at least 30 days prior to the annual meeting. In lieu of publishing the meeting notice, a notice may be included in monthly water bills of the membership.

Section 3: Additional meetings of the membership may be called as required by the Board or by a petition signed by twenty (20) percent of the membership.

ARTICLE 6: Duties of Members

Section 1: The MSWA membership consists of paid members who have complied with the Operating Policy of the MSWA and are currently in good standing with the Association.

Section 2: The MSWA shall install, maintain and operate a main distribution piping line or lines from the connection to the water supply of the Ozark Mountain Regional Public Water Authority (OMRPWA) to the member's meter which is deemed the termination point. Distribution beyond the termination point is the responsibility of the individual member. All water delivered past the termination point will be metered and paid for by the member at the rates defined in the MSWA Operating Policy.

Section 3: In the event the total water supply shall be insufficient to meet all the needs of the members, or in the event there is a shortage of water, the Board may pro-rate the water available among the various members on a basis as is deemed equitable by the Board.

Section 4: The Operating Policy of the MSWA will govern the connection fees, water rate structure, billing and payments, and installation, termination, and reinstatement of a member's water service.

Section 5: Copies of these By-Laws, Operating Policy, and Financial Reports are available to any member by formal request to the Board President.

ARTICLE 7: Amendments

These By-Laws and the MSWA Operating Policy may be amended at any time as deemed necessary by the Board and without prior notification to the general membership as long as those amendments do not alter either the compliance requirement outlined in Articles of Incorporation or the Arkansas Non-Profit Corporation charter.