

**BYLAWS OF
CHEROKEE WATER COMPANY**

A Texas Corporation

PREAMBLE

These bylaws are subject to, and governed by, the Texas Business Organizations Code, as amended from time to time, and the articles of incorporation of the CHEROKEE WATER COMPANY (the "Corporation"). In the event of a direct conflict between the provisions of these bylaws and the mandatory provisions of the Texas Business Organizations Code or the provisions of the articles of incorporation of the Corporation, such provisions of the Texas Business Organizations Code or the articles of incorporation of the Corporation, as the case may be, will be controlling. Concurrent with the adoption of these bylaws, all prior bylaws are hereby repealed.

ARTICLE I

OFFICES

- Sec. 1. The name of this Corporation shall be CHEROKEE WATER COMPANY.
- Sec. 2. The Corporation's principal office shall be located at NK-20, Lake Cherokee, Longview, Texas 75603.
- Sec. 3. Other offices for the transaction of business shall be located at such place or places as the board of directors may from time to time determine.

ARTICLE II

CAPITAL STOCK

- Sec. 1. The amount of the capital stock shall be \$750,000.00, divided into 1,500 shares of the value of \$500.00 each. A share of stock shall be held in the name of only one person. "Person" as used in this section means a natural person.
- Sec. 2. All certificates of stock shall be signed by the president or vice-president and the secretary and shall be sealed with the corporate seal.
- Sec. 3. The Corporation shall have a lien on all shares of its capital stock, and on all dividends declared on the capital stock, for any indebtedness, regardless of amount. This section creates a lien in favor of the Corporation on its capital stock and the transfer rights of the stock certificate are suspended until all such indebtedness is paid in full. If a shareholder becomes thirty (30) days delinquent in payment of lease rental, fine, penalty or other indebtedness, the matter shall be subject to further board action which may result in additional sanctions, including but not limited to a) the imposition of additional fines; b) the suspension of rights to go upon the Corporation's property for such period as determined by the board of directors; or c) termination of the shareholder's lease.
- Sec. 4. Shares of stock of the Corporation shall be transferable only in the books of the Corporation by the shareholders thereof in person or by their duly authorized legal representatives. Upon surrender to the Corporation for transfer of a certificate representing shares duly endorsed and accompanied by any reasonable assurances that such endorsements are genuine and effective as the Corporation may require, the Corporation shall, if it has no notice of an adverse claim or if it has discharged any duty with respect to any adverse claim, issue one or more new certificates to the person entitled thereto, cancel the old certificate, and record the transaction upon its books.
- Sec. 5. In case of loss or destruction of a stock certificate, a new stock certificate shall be issued to replace the lost or destroyed certificate upon satisfactory proof to the board of directors or its designee of such loss or

destruction and upon the shareholder giving satisfactory security, by bond or otherwise, against loss to the Corporation.

Sec. 6. Lease renewals are due October 1 of each year. If a shareholder fails to pay the lease renewal before November 1, then a fine will be assessed on the first day of November and on the first day of each succeeding month that the lease renewal is unpaid, unless other terms are approved by the board of directors.

Sec. 7. Alternatively, the shareholder may elect to pay lease renewals in two equal installments. To qualify for installment payments, the first installment must be paid before November 1 and the second installment must be paid before April 1 of the following year. Failure to make timely payment of the April installment shall result in the imposition of a fine on May 1 and on the first of each succeeding month that the installment payment remains unpaid, unless other terms are approved by the board of directors.

Sec. 8. Failure to make timely lease payments may result in the Corporation referring the unpaid account to its attorney for collection. In such a case, the shareholder will be liable for all unpaid lease renewals, fines and costs of collection, including attorney's fees and court costs.

Sec. 9. The Corporation shall be entitled to treat the shareholder of record as the shareholder in fact of any shares and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such shares on the part of any other person, whether or not it shall have actual or other notice thereof, except as otherwise provided by law.

Sec. 10. The board of directors shall cause an appropriate legend to be placed on certificates representing shares of stock as may be deemed necessary or desirable by the board of directors in order for the Corporation to comply with applicable federal or state securities or other laws.

Sec. 11. The board of directors shall have the power and authority to make all such rules and regulations as it may deem expedient concerning the issue, transfer, registration, or replacement of certificates representing shares of stock of the Corporation.

ARTICLE III

MEETINGS OF SHAREHOLDERS

Sec. 1. Annual Meeting. The annual meeting of shareholders shall be held at 7:00 P.M. on the first Thursday following the second Tuesday of November each year at the principal office of the Corporation or at another location as may be designated by the board of directors. At such meeting the shareholders of record shall elect directors to serve until their successors shall be elected and qualified. Notice of the time and place of the annual meeting of shareholders shall be mailed by the secretary to each shareholder at least fifteen (15) days before the date thereof. Any item of business intended for discussion or vote at the annual meeting of shareholders must be presented to the secretary in writing at least thirty (30) days prior to the stated meeting date for inclusion on the meeting agenda. Copies of the Corporation's financial statement shall be prepared and available for each shareholder at the annual meeting of shareholders or thereafter at the Corporation's corporate offices during normal business hours.

Sec. 2. Special Meetings. A special meeting of shareholders, to be held at the Corporation's office or such other place as may be designated by the board of directors, may be called at any time by the president or by three-fourths of the qualified and acting directors. Further, the president or directors shall call a special meeting of shareholders whenever so requested by a signed petition of shareholders representing 60% or more of the issued capital stock. Notice of a special meeting of shareholders shall be mailed by the secretary to each shareholder or delivered to him or her in person. Notice of the special meeting shall be provided by any means which provides no less than three (3) days' notice of such meeting. Notice may be provided by regular mail, electronic mail or telephone to the most recent address or number reflected in the corporate records. A notice sent by regular mail is conclusively presumed to be delivered three (3) days after notice,

properly addressed, and deposited in the United States mail. Only business within the purpose or purposes described in the notice of special meeting may be conducted at such special meeting.

Sec. 3. Notice of the annual meeting of shareholders or any special meetings of shareholders may be waived in writing signed by the shareholder.

Sec. 4. At any meeting of shareholders, the presiding officer shall be the president, or in the absence of the president, the vice-president, or in the absence of both the president and vice-president, the secretary shall preside. In the absence of the president, vice-president and secretary, the treasurer shall preside.

Sec. 5. At any meeting of shareholders, each shareholder of record shall be entitled to cast one (1) vote for each share of voting stock held in his or her name, which vote may be cast by the shareholder either in person or by proxy. A proxy must be a shareholder or shareholder's spouse. For all meetings of shareholders, the designation of a proxy must be in writing, bear the date of signature, witnessed by one person at least eighteen (18) years of age (other than the designated proxy), and be filed with the Corporation. For a special meeting of shareholders, the designation of proxy must be filed with the Corporation not less than 24 hours prior to the date and time of the special meeting. The secretary or a designee shall certify all qualified voters and proxies.

Sec. 6. A quorum for the transaction of business at any meeting of shareholders shall be a number of shareholders representing not less than one-third of the shares entitled to vote that are represented at the meeting in person or by proxy. A quorum is required to transact CWC business. Shareholders present at any meeting in person or by proxy, though less than a quorum, may adjourn the meeting to a future time.

Sec. 7. For the purpose of determining shareholders entitled to notice of, or to vote at, any meeting of shareholders or any reconvening thereof, or a share dividend, or in order to make a determination of shareholders for any other proper purpose, the date on which the notice of the meeting is mailed shall be the record date for such determination of shareholders.

ARTICLE IV

ELECTION COMMISSION AND ELECTION OF DIRECTORS

Sec. 1. Each year by July 1, an Election Commission of not more than twelve (12) shareholders in good standing or spouses of shareholders in good standing shall be appointed and confirmed by the board of directors to oversee election procedures and to exercise the duties specified in this Article. The Election Commission will dissolve, and its authority will terminate ten (10) days following the annual meeting of shareholders each year. Each of the directors whose term will not terminate the following November may appoint one (1) member. The president will appoint at least four (4) members of the Election Commission. It is the responsibility of the President to assure the final composition of appointees includes two (2) members that previously served as an officer of the board and two (2) members that previously served as a director of the Corporation and that there is a total of twelve (12) appointees. The only qualification for appointment to the Election Commission is that the appointee shall be a shareholder in good standing or spouse of a shareholder in good standing. An act of the Election Commission must be by majority vote. The Election Commission will elect a chairman and vice-chairman from their number. A quorum for any meeting of the Election Commission is seven (7).

Sec. 2. After September 15 of each year, but no later than the close of business on the last business day of September of each year, any shareholder in good standing or spouse of a shareholder in good standing, may register as a candidate for election to the board of directors. On a form provided by the Corporation, the shareholder or spouse shall:

- a. request the Election Commission to include his or her name on the Official Ballot. This form will require information considered necessary to inform the shareholders of the candidate's identity and qualifications for office.

- b. certifies that neither the shareholder nor the shareholder's spouse either separately or in combination have served as a director elected by the shareholders for four (4) terms.
- c. certifies that neither he nor she, by virtue of the current election, will serve more than two (2) consecutive elected terms.
- d. certifies that he or she has not been convicted of an offense of the degree of a felony or a misdemeanor involving moral turpitude.
- e. certifies that there is no other known legal or ethical reason which would preclude the shareholder from serving in a fiduciary role to the Corporation.

Sec. 3. On the second business day of October of each year, the Election Commission must examine all shareholders' requests to be certified as candidates for election to the board of directors and certify those requests which are in order for inclusion on the Official Ballot. Any shareholder who is rejected for cause by the Election Commission must be given written notice of his/her rejection and will then have five (5) days, including the date of notification, within which to remedy the cause of his/her rejection. All qualified shareholders who are candidates for election to the board of directors are to be listed on the Official Ballot in order chosen by lot. Only those shareholders who have been certified by the Election Commission as qualified candidates for election to the board of directors shall be eligible to have their names included on the Official Ballot. No write-in candidates shall be eligible for election to the board of directors.

Sec. 4. In the event that certified candidates are equal or fewer in number than the number of board of director positions available, the Election Commission, at the completion of the candidate certification process, may recommend to the board of directors that the election not be conducted, and that the certified candidates be deemed elected as directors at the regular October meeting of the board of directors. In the event that certified candidates are fewer in number than the number of director positions available, the remaining positions may be filled by the other directors at any regular or special meetings of directors.

Sec. 5. In the event of a tie in votes cast for a director, all directors with the same number of votes will be elected, provided that the total number of directors elected does not exceed the number of open director positions.

In the event of a tie vote between two or more candidates that will result in more directors being elected than open positions, the final open position(s) shall be decided by drawing a name(s) from a receptacle. This will be done during the regular session of the Annual Shareholder meeting. The Chair of the Election Commission, or in his absence the Vice-chair, shall draw the name(s) and announce the winner.

Sec. 6. Election of directors will be on the Corporation's Official Ballot. Official Ballots with proxy designations will be sent by first class mail to each shareholder of record twelve (12) days prior to the first Tuesday in November of each year. A postage paid return envelope will be provided. Official Ballots shall be numbered with a unique number which will be registered only to the shareholder to whom it is addressed. Only original Official Ballots issued by the Corporation may be used and must be placed and sealed in an envelope by the voting shareholder, and either hand delivered to the Corporation's offices at NK-20 Lake Cherokee, Longview, Texas 75603 or deposited in the U.S. mail using the envelope and postage provided. To qualify, the envelope containing the Official Ballot must be delivered to the Corporation's office prior to 5:00 P.M. on the first Tuesday in November, which shall be the vote closing date.

Sec. 7. Upon delivery of the Official Ballot to the Corporation's offices, office personnel will place the unopened envelope containing the Official Ballot into a locked container which may be opened only at a meeting of the Election Commission. Only the Election Commission may open the envelopes.

Sec. 8. Any shareholder may vote in person or by proxy at the annual meeting of shareholders provided that the Election Commission can confirm no other vote has been or will be cast on behalf of the shareholder. The Election Commission will examine all Official Ballots and make examinations of the Corporation's records

as they deem necessary to ensure that all requirements of this Article are met. The Election Commission will tally all proxies and will announce all proxy designees and the number of proxies assigned to each designee at the annual meeting of shareholders. The Election Commission will distribute the Official Ballots to designated proxies, conduct the election, and count the Official Ballots in a method they deem appropriate. The Election Commission will announce the results of the election when they have agreed upon the results. The Election Commission will hold the Official Ballots for ten (10) days in the locked box and then destroy them by burning or shredding.

ARTICLE V

DIRECTORS

- Sec. 1. The business and property of the Corporation shall be managed by a board of directors which shall be responsible to the shareholders for its authority and actions. Subject to the restrictions imposed by law, the articles of incorporation, or these bylaws, the board of directors may exercise all the powers of the Corporation. The board of directors is empowered to appoint or employ such personnel as it may deem necessary to conduct the business of the Corporation. The board of directors may take official actions only as a collective body, and no director shall, without specific authorization by the board or specific authority set forth under these bylaws, act on behalf of the board.
- Sec. 2. The number of directors shall be twelve (12). Each director shall be a shareholder or spouse of a shareholder. Each director shall be chosen in a manner specified in Article IV or Article V, Section 9 of these bylaws. The term of each director shall be three (3) years. A director's term shall begin when election results are presented at the Annual Shareholder Meeting and expire at the conclusion of the Annual Shareholder Meeting three years later. The terms shall be staggered so that four terms expire each year, and four directors are elected each year. A greater number may be elected in the event of a vacancy.
- Sec. 3. A regular meeting of the directors shall be held in the principal office of the Corporation, or at such place as may be designated by the majority of such directors, immediately after the adjournment of each annual meeting of shareholders, and also on the third Thursday of each month, provided however, that whenever such day shall fall upon a legal holiday the meeting shall be held on the next succeeding business day. The president may, with approval of the majority of directors, cancel a regular meeting.
- Sec. 4. Special meetings of directors may be held at the principal office of the Corporation, or at such other place as designated by the president. A special meeting may be called by the president. In the president's absence, a special meeting may be called by the vice-president or by any eight (8) members of the board of directors.
- Sec. 5. Notices of all regular and special meetings of directors shall be provided to each director by the General Manager or the Manager's designee at least two (2) days before the time fixed for the meeting. Notice to directors of meetings may be provided by electronic mail sent on the Corporation's mail server or included in the monthly board packet. The notice shall state the purpose of such meeting. Notice may be waived by a director signing a waiver of notice.
- Sec. 6. A quorum for the transaction of business at any regular or special meetings of directors shall consist of seven (7) members of the board of directors present at a meeting. The act of a majority of the directors present at a meeting at which a quorum is present at the time of the act is the act of the board of directors of the Corporation unless a greater number is required by these bylaws or law. "Present at a meeting" means actual, personal attendance at the location of the meeting. Present at a meeting does not include attendance by conference phone or similar communications equipment, including videoconferencing technology or the internet or any combination of such that would permit remote participation in the meeting.
- Sec. 7. The directors shall elect the officers of the Corporation; such an election to be held at the directors' meeting following each annual meeting of shareholders.

- Sec. 8. An officer or director may be removed for cause by a vote of two-thirds of the entire board (excluding vacant positions) at a duly called meeting of the board of directors at which a quorum is present.
- Sec. 9. Vacancies in the board of directors may be filled for the unexpired term by the remaining directors at any regular or special meetings of directors.
- Sec. 10. At each annual meeting of shareholders, the directors shall submit a statement of the business done during the preceding year, together with a report on the general financial condition of the Corporation and on the condition of its property.
- Sec. 11. Any director who is not present at a meeting for four (4) meetings in an attendance year, whether regular, annual or committee meetings, may be removed under Article V, Sec. 8 of these bylaws. Such decision from the board of directors shall be final. The board may appoint a director to fill the unexpired term. "Present at a meeting" means actual, personal attendance at the location of the meeting. Present at a meeting does not include attendance by conference phone or similar communications equipment, including videoconferencing technology or the internet or any combination of such that would permit remote participation in the meeting. "Attendance year" means a year commencing on the date of the annual meeting of shareholders and ending on the day preceding the date of the annual meeting of shareholders of the succeeding year.
- Sec. 12. Subject to the limitations provided by law, the Corporation shall indemnify a director, former director or authorized agent or delegate who was, is or is threatened to be made a respondent in a proceeding because that person is or was a director, officer or General Manager for the Corporation provided that person:
- a. acted in good faith.
 - b. reasonably believed:
 1. in the case of conduct in the person's official capacity, that the person's conduct was in the Corporation's best interests.
 2. in all other cases, that the person's conduct was not opposed to the Corporation's best interest; and
 - c. in the case of any criminal proceeding, did not have reasonable cause to believe the person's conduct was unlawful.
 - d. A person shall be indemnified under sub-section (b) (1) against judgments, penalties, fines, settlements and reasonable expenses actually incurred by the person in connection with the proceeding.
 - e. If the person is found liable to the Corporation or is found liable on the basis that personal benefit was improperly received by that person, the indemnification:
 1. is limited to reasonable expenses actually incurred by the person in connection with the proceeding; and
 2. shall not be made in respect of any proceeding in which the person shall have been found liable for willful or intentional misconduct in the performance of his duty to the Corporation or in the case of a breach of the person's duty of loyalty to the Corporation.
 - f. The indemnification provided in Section 12, Article V shall be mandatory and may be provided in whole or in part by a policy of liability purchased by the Corporation.

- Sec. 13. Directors, whether in their capacity as directors or officers of the Corporation, are not entitled to compensation for their services.
- Sec. 14. A director who is present at any meeting of the board of directors at which action on any matter is taken shall be presumed to have assented to the action unless a dissent shall be entered in the minutes of the meeting or unless the directors files a written dissent to such action with the secretary of the meeting before the adjournment thereof or shall forward any dissent by certified or registered mail to the secretary of the Corporation immediately after the adjournment of the meeting. Such a right to dissent shall not apply to a director who voted in favor of such action.
- Sec. 15. Any director may resign by so stating to a member of the executive committee of the board or at any meeting of the board of directors or by giving written notice to the board of directors, the president, or the secretary. Such resignation shall take effect at the time specified in the statement at the board of directors' meeting or in the written notice, but in no event may the effective time of such resignation be prior to the time such statement is made or such notice is given. Oral notice given to a member of the executive committee shall be deemed effective immediately, and notice shall be given immediately to all other board members. If no effective time is specified in the resignation, the resignation shall be effective immediately. Unless a resignation specifies otherwise, it shall be effective without being accepted.
- Sec. 16. The board of directors may from time to time adopt or amend such rules and regulations and internal operating policies and procedures as it deems reasonable and necessary for the orderly operation, improvement, enhancement of value, maintenance and safety of the Cherokee Water Company, Lake Cherokee and its shareholders, waters, surrounding acreage and residential lots. Further, the board of directors, upon an affirmative vote of at least 2/3 of the board of directors, shall be responsible for any action taken on the employment of the General Manager position.
- Sec. 17. The board of directors shall annually review the financial condition of the Corporation and set the leaseholders' dues in an amount sufficient to meet operating expenses of the Corporation for the next fiscal year and to maintain adequate reserves for long-term development, maintenance and improvements to the Corporation's infrastructure and assets.

ARTICLE VI

OFFICERS

- Sec. 1. The officers of this Corporation shall be a president, a vice-president, secretary, and treasurer who shall be elected for the term of one (1) year and shall hold office until their successors are duly elected and qualified. No one shall be eligible to the office of the president, vice-president, secretary or treasurer who is not a director of the Corporation and any such officer who ceases to be a director shall cease to be an officer. The president, vice-president, secretary, and treasurer shall, collectively, form the Executive Committee.
- Sec. 2. The president shall preside at all meetings of directors and shareholders; shall have general supervision over the affairs of the Corporation and over other officers and employees, including powers as may be reasonably incident to such responsibilities; shall appoint committees as necessary; and shall sign all written contracts of the Corporation, except where otherwise authorized or delegated by the board of directors.
- Sec. 3. The vice president shall have such powers and duties as may be prescribed by the board of directors or as may be delegated from time to time by the president and shall exercise the powers of the president during that officer's absence or inability to act.
- Sec. 4. The secretary or a designee shall issue all notices of the meetings of directors and shareholders and shall attend and keep minutes of such meetings; shall have charge of all corporate books, records, and papers; shall have custody and be the custodian of the corporate seal; and shall attest with his signature and impress with the corporate seal all stock certificates. The secretary or a designee shall have charge of the certificate books, stock transfer books, stock ledgers, and such other stock books and papers as the board of directors

may direct and shall perform all such other duties as may be prescribed by the board of directors or as may be delegated by the president.

Sec. 5. The treasurer shall have custody of all money and securities of the Corporation. The treasurer shall cause to be kept regular, accurate books of account and shall submit them to the directors for their examination and approval as often as they may require and shall perform all such other duties as are incident to this office. The treasurer shall perform such other duties as may be prescribed by the board of directors or as may be delegated from time to time by the president.

Sec. 6. All checks issued by the Corporation shall be signed by two members of the Executive Committee of the Corporation or one member of the Executive Committee and the General Manager.

ARTICLE VII

COMMITTEES OF THE BOARD

Sec. 1. The president may designate non-standing and ad hoc committees.

Sec. 2. The board of directors shall have the following standing committees: (i) the Executive Committee; (ii) the Ethics Committees; (iii) the Finance Committee; (iv) the Strategic Planning Committee; and (v) the Rules & Policies Committees. Standing committees shall include directors and may also include other ex officio non-voting members as elected by a majority of the committee. Each committee shall consist of at least one or more directors appointed by the President. The number of committee members may be increased or decreased from time to time at the discretion of the Executive Committee. The directors serving on committees shall serve one (1) year or until new members are appointed. Each committee member shall serve as such until the earliest of (i) the expiration of the one (1) year appointment; (ii) resignation as a director; or (iii) removal as a committee member or as a director.

Sec. 3. The president shall have the power at any time to fill vacancies in, to change the membership of, to remove members and to discharge any non-standing committee.

Sec. 4. Regular meetings of any committee may be held at such time and place as may be designated from time to time by the chairman and communicated to the committee members and the General Manager or Board President. Each committee chairman will be required to keep minutes of such meetings and provide them to the General Manager or Board President on or before the Tuesday preceding the monthly pre-board meeting.

Sec. 5. Special meetings of any committee may be held whenever called by any committee chairman. The committee chairman calling any special meeting shall cause notice of such special meeting, including therein the time and place of such special meeting, to be given to the committee members and the General Manager or Board President. Neither the business to be transacted, nor the purpose of any special meeting of any committee need be specified in the notice or waiver of notice of any special meeting. Each committee chairman will be required to keep minutes of such meeting and provide them to the General Manager or Board President on or before the Tuesday preceding the monthly pre-board meeting.

Sec. 6. Notice of regular or special committee meeting will be sent to all members of the board not less than twenty-four (24) hours prior to the meeting. Either board information packets or electronic notice through the Corporation's e-mail server are considered adequate notice.

Sec. 7. The president of the board of directors may create such standing or special committees as he deems necessary to provide advice, conduct research, or otherwise assist the full board in its work.

Sec. 8. The executive committee shall consist of the president, vice-president, secretary and treasurer.

Sec. 9. The president shall be a non-voting member of each committee but may vote in case of a tie.

Sec. 10. A committee shall not bring any item before the board or recommend any action unless a majority of the committee members have voted in favor of the item being presented. The president is authorized to override this provision if it is in the best interest of the Corporation for the entire board to consider a matter.

Sec. 11. Meetings of the Executive Committee, Ethics Committee and Finance Committee shall be attended by the committee members and may be attended by any director, shareholder or other person who is invited by the committee chairman or Board president. Unless the chairman or a majority of the committee directs otherwise, committee meetings are executive session meetings. All committee meetings are under the direction of the committee chairman.

Sec. 12. Meetings of other standing and ad hoc committees shall be attended by the committee members and may be attended by 1. any director; 2. and any shareholder or other person who is invited by the committee chairman or Board president. Unless the chairman or a majority of the committee directs otherwise, committee meetings are executive session meetings. All committee meetings are under the direction of the committee chairman.

ARTICLE VIII

CONFLICTS OF INTEREST

Sec. 1. A director shall abstain from advocacy of or voting on any matter which involves an actual or potential conflict of interest between the director's personal relationship or those of the director's immediate family and the affairs of the Corporation.

Sec. 2. A director shall accept nothing of material value from any person doing or seeking to do business with the Corporation, under penalty of removal from office or directorship, and shall not exhibit favoritism toward any individual doing business with, employed by, or holding a share of stock in the Corporation.

ARTICLE IX

AMENDMENTS

Sec. 1. The power to amend or repeal these bylaws or to adopt new bylaws is vested in the board of directors but is subject to the right of the shareholders to amend or repeal these bylaws or to adopt new bylaws. The board of directors may amend these bylaws by a vote of three-fourths of the directors at any of its meetings. The shareholders may amend these bylaws by a vote representing 80% of all capital stock issued and outstanding at any meeting of shareholders where such a vote is properly noticed.

Sec. 2. Any amendment to the bylaws must contain a document, in a form approved by the board of directors, titled Amendment to the Bylaws, which states the amendment precisely worded, details the changes being made to the existing bylaws, and the rationale for the amendment. The amendment to the bylaws must be signed by the President and Secretary of the Corporation, certifying the amendment was adopted and the date approved, and must be attached to the bylaws, effective as of the date of approval.

Sec. 3. The official bylaws cannot be re-typed to include any amendments without such version receiving approval of the board thereby certifying that the bylaws are complete and accurate and noting which amendments are included in the re-typed version. The re-typed bylaws must be signed and dated by the president and secretary.

Sec. 4. (a) Except as provided herein, a proposed adoption, amendment or revocation of a General Rule and Regulation or Construction Rule (collectively "Rule") will be read twice before a vote on such adoption, amendment or revocation. The first reading will be in open session at a regularly scheduled board meeting. At the time of the first reading, the member or committee chair proposing such adoption,

amendment or revocation shall provide a concise explanation of the reason for the adoption, amendment or revocation.

(b) Following the first reading of a proposed adoption, amendment or revocation there will be a period of ten (10) business days for shareholders to submit written comments on the proposal.

(c) Comments must be in writing and timely submitted. To be timely, all comments must be posted not later than ten (10) business days after the first reading by the board. Written comments should be submitted either by e-mail to cwcboard@lkcherokee.com or by mail or hand-delivery to the Lake Office, NK 20. Comments posted on social media sites will not be considered. Board members will consider only comments germane to the proposal.

(d) The second reading of the proposed adoption, amendment or revocation and a vote on such proposal will be in open session at a regularly scheduled board meeting after the shareholder comment period.

(e) Notwithstanding (a)-(d), above, the Board may adopt, amend or revoke a Rule to address an emergency situation without a reading followed by comment. Any such adoption, amendment or revocation of a Rule will be effective for not more than sixty (60) days, providing the Board time to comply with the procedures set forth in (a)-(d), above.

ARTICLE X

MISCELLANEOUS PROVISIONS

- Sec. 1. Subject to provisions of applicable statutes and the articles of incorporation, dividends may be declared by and at the discretion of the board of directors at any meeting and may be paid in cash, in property, or in shares of stock of the Corporation. Dividends, to be paid out of the surplus of earnings of the Corporation, shall be declared by a resolution passed by three-fourths vote of the board of directors when it deems advisable. When declared, such dividends shall be paid on the first day of the following October.
- Sec. 2. The operating funds of the Corporation shall be deposited in a federally insured banking institution selected by the board of directors and shall be withdrawn only upon the check or order signed as provided for in the above Section 6 of Article VI. Certificates of deposit or similar savings accounts shall be maintained in financially sound banks or brokerage houses as selected by the board of directors.
- Sec. 3. The board of directors may create out of legally available funds of the Corporation such reserve or reserves out of the Corporation's surplus as the board of directors from time to time, in its discretion, considers proper to provide for contingencies, to equalize dividends, to repair or maintain any property of the Corporation, or for such other purpose as the board of directors shall consider beneficial to the Corporation. The board of directors may modify or abolish any such reserve.
- Sec. 4. The Corporation shall keep correct and complete books and records of account, shall keep minutes of the proceedings of its shareholders, board of directors, and shall keep at its registered office or principal place of business, or at the office of its transfer agent or registrar, a record of its shareholders, giving the names and addresses of all shareholders and the number of the shares held by each shareholder.
- Sec. 5. The fiscal year of the Corporation shall be October 1 through September 30 unless the board of directors provides otherwise by resolution.
- Sec. 6. The seal, if any, of the Corporation shall be in such form as may be approved from time to time by the board of directors.
- Sec. 7. With respect to any deed, deed of trust, mortgage, or other instrument executed by the Corporation through its duly authorized officer or officers, the attestation to such execution by the secretary of the Corporation shall not be necessary to constitute such deed, deed of trust, mortgage, or other instrument a valid and binding obligation against the Corporation unless the resolutions, if any, of the board of directors authorizing such execution expressly state that such attestation is necessary.

Sec. 8. If any part of these bylaws is held invalid or inoperative for any reason, the remaining parts, so far as is possible and reasonable, shall remain valid and operative.

Sec. 9. The headings used in these bylaws are for convenience only and do not constitute matter to be construed in the interpretation of these bylaws.

CERTIFICATION

We the undersigned, President and Secretary of the Cherokee Water Company, do hereby certify that the hereinabove Amendment to the bylaws was approved by the Board of Directors at the regular Board of Directors meeting held on Thursday, October 19, 2023, and are to be attached to the Bylaws, and is effective as of the date approved.

Christy Bussey, President
Cherokee Water Company

Gary Mapes, Secretary
Cherokee Water Company