

State of Florida



Department of State

I certify the attached is a true and correct copy of the Articles of Incorporation of TAYLOR COASTAL UTILITIES, INC., a Florida corporation, filed on July 29, 1993, as shown by the records of this office.

The document number of this corporation is N93000003415.

Given under my hand and the
Great Seal of the State of Florida,
at Tallahassee, the Capital, this the
Twenty-ninth day of July, 1993



CR2EO22 (2-91)

A handwritten signature in cursive script that reads "Jim Smith".

Jim Smith
Secretary of State

ARTICLES OF INCORPORATION
OF
TAYLOR COASTAL UTILITIES, INC.

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SECRETARY OF STATE
TALLAHASSEE, FLORIDA

ARTICLE I

The name of this Corporation shall be Taylor Coastal Utilities, Inc. and it shall be a non-profit corporation organized under Chapter 617, Florida Statutes, and shall have all powers given to a non-profit corporation by the provisions of said Chapter 617 Florida Statutes.

ARTICLE II

The nature of business of the Corporation and the objects and purposes for which it is organized are:

A. To construct, maintain, and operate a water system for the supplying of water for domestic, commercial, agricultural, industrial and other purposes to its members and to engage in any activity related thereto, including but not limited to the acquisition of water by appropriation, drilling, pumping, and/or purchase, and the purchase, laying, installation, operation, maintenance, and repair of wells, pumping equipment, water mains, pipelines, valves, meters, and all other equipment necessary to the construction, maintenance and operation of a water system, and

B. To construct, maintain, and operate a sewage disposal system for the use and benefit of its members.

ARTICLE III

The members of the Corporation shall be the subscribers hereto and all other persons, partnerships, corporations, or other legal entities who become members by obtaining its services, acquiring a tangible interest in its assets in proportion to the business done with the Corporation, and have a reasonable accessibility to the sources of and who desire to have water and other services supplied for domestic, commercial, agricultural, industrial, or other uses from the systems constructed, maintained, and operated by the Corporation. The Corporation shall not be required to admit additional members if the capacity of its water system is exhausted by the needs of its existing members and such other persons to whom it has been supplying water.

ARTICLE IV

This Corporation shall have perpetual existence.

ARTICLE V

The names and residences of the subscribers to these Articles of Incorporation are as follows:

Madelyn Collins	Ezell Beach, Taylor County, Florida
Travis Beach	Keaton Beach, Taylor County, Florida
Mike McKinney	Cedar Island, Taylor County, Florida

ARTICLE VI

The affairs of the Corporation are to be managed by a Board of Directors of seven (7) members. The Directors named in the Articles of Incorporation shall serve until the first annual meeting of the members and until their successors are elected and have qualified. At least one-fourth of the members must be elected annually.

ARTICLE VII

The officers who shall serve until the first election or until their successors are elected shall be as follows:

Madelyn Collins	President
Travis Beach	Vice President
Mike McKinney	Secretary - Treasurer

The term of office of the foregoing Officers shall be for a period of one year or until their successors are elected. The Officers shall be elected by the Board of Directors.

ARTICLE VIII

The first Board of Directors shall consist of seven members who shall serve until the first election or until their successors are elected. The names and addresses of the members of the first Board of Directors are as follows:

Travis Beach, Rt. 2, Box 1313, Perry, FL 32347
Charles Carlton, Rt. 2, Box 85, Perry, FL 32347
Madelyn Collins, Rt. 2, Box 121, Perry, FL 32347
Don Everett, Jr., Rt. 2, Box 216, Perry, FL 32347
Gwen Faulkner, 1209 N. Quincy St., Perry, FL 32347
Mike McKinney, P. O. Box 1428, Perry, FL 32347
Gene Seewald, Rt. 2, Box 166, Perry, FL 32347

ARTICLE IX

The Bylaws of the Corporation shall be made and may be altered or rescinded by a vote of a majority of the membership.

ARTICLE X

Amendments to these Articles of Incorporation may be proposed to the Board of Directors by a majority vote of the members of the Corporation. A majority of the members of the Board of Directors may approve, amend, or reject such proposals and shall have final authority to adopt any amendment.

ARTICLE XI

The assets and income of this non-profit Corporation shall be utilized to promote its purposes. No salaries or fees shall be paid to the Directors or Officers of this Corporation, but nothing herein shall prevent the hiring of employees or engaging of others to perform services for the Corporation or to prevent the reimbursement of any person who makes outlays for the reasonable expenses of the Corporation. In the event of the dissolution, either voluntarily or pursuant to order of court of competent jurisdiction, and after the payment of all outstanding liabilities and the repayment to each member (both past and present) of the amount of membership dues (initial charge or contribution) originally received from each such member by the Corporation, all remaining assets shall be transferred to the members (both past and present) in proportion to the amount of business done by each member with the Corporation.

ARTICLE XII

The principal place of business and the mailing address of the Corporation shall be:

Taylor Costal Utility, Inc.
Ezell Beach
Route 2, Box 121
Perry, Florida 32347

ARTICLE XIII

The name and the street address of the initial registered agent is:

Madelyn Collins
Second house on right, Ezell Beach
Route 2, Box 121
Perry, Florida 32347

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TAYLOR COASTAL UTILITIES, INC.
POST OFFICE BOX 1126
PERRY, FLORIDA 32347

Tel (904) 578-2897

AMENDMENT TO
ARTICLES OF INCORPORATION
OF
TAYLOR COASTAL UTILITIES, INC.

March 29, 1994

Article XI is deleted in its entirety and the following is substituted:

ARTICLE XI

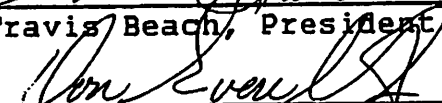
The assets and income of this non-profit Corporation shall be utilized to promote its purposes. No salaries or fees shall be paid to the Directors or Officers of this Corporation, but nothing herein shall prevent the hiring of employees or engaging of others to perform services for the Corporation or to prevent the reimbursement of any person who makes outlays for the reasonable expenses of the Corporation. In the event of dissolution of the Corporation, the Board of Directors shall, after paying or making provision for payment of all of the liabilities of the corporation, dispose of all of the assets of the corporation exclusively for the purposes of the corporation in such manner, or to such organization or organizations organized and operated exclusively for charitable, educational, religious or scientific purposes as shall at the time qualify as an exempt organization or organizations under Section 501 (c) (3) of the Internal Revenue code of 1954 (or the corresponding provisions of any future United States Internal Revenue Law), as the Board of Directors shall determine. Any of such assets not so disposed of shall be disposed of by the Circuit Court of the county in which the principal office of the corporation is then located, exclusively for such purposes or to such organization or organizations, as said Court shall determine, which are organized and operated exclusively for such purposes.

Taylor Coastal Utilities, Inc.
Amendment to Article XI
March 29, 1994
Page 2


IN WITNESS WHEREOF, we have made and subscribed this amendment to the Articles of Incorporation, this 29th day of March, 1994.



Travis Beach, President



Don Everett, Jr., Vice President



Gwen Faulkner, Secretary -
Treasurer

STATE OF FLORIDA)
)
COUNTY OF TAYLOR)

Be it remembered, that on this 29th day of March, A. D. 1994, personally appeared before me, a Notary Public in and for the State of Florida, Travis Beach, Don Everett, Jr., and Gwen Faulkner, known to me personally to be the individuals who executed the foregoing Articles of Incorporation and acknowledged that they executed said Articles of Incorporation as the act and deed of the signers, respectively, and that the facts therein stated are truly set fourth.

Given under my hand and seal the day and year aforesaid.

(SEAL) My Commission Expires:

Notary Public, State Of Florida At Large
My Commission Expires Jan. 11, 1995
Bonded By Western Surety Company



Notary Public

COVENANT

WE, the officers and directors of Taylor Coastal Utilities, Inc. a non-profit corporation organized under Chapter 617 of the Florida Administrative Code and chartered by the Secretary of the State of Florida under Document Number N9300000 3415 on July 29, 1993, do hereby covenant to the U.S. Department of Agriculture, Farmers Home Administration, (USDA FmHA) that we, our successors and assigns shall prohibit and restrict any extension or tap-ons of the water system purchased and/or constructed from USDA-FmHA funds to new developments located within any jurisdictional wetlands of the State of Florida, or within the coastal jurisdictional area of the State of Florida unless such developments have valid permits from all approving agencies of the State of Florida, and proof of said permit is provided and acknowledged by the Farmers Home Administration.

Attest:

Taylor Coastal Utilities, Inc.

Gwen Faulkner

Travis Beach

Gwen Faulkner, Sec.-Treas.

Travis Beach, President

STATE OF FLORIDA
COUNTY OF MARION

Before me this day appeared Travis Beach and Gwen Faulkner as President and Secretary - Treasurer, respectively of Taylor Coastal Utilities, Inc. personally known by me and who acknowledged that they did so as officers and directors of said corporation all by and with the authority of the Board of Directors of said corporation.

Witness my hand and seal this 2 day of May, 1994.

Monica J. Whidden

Notary Public
State of Florida at Large

My Commission Expires

Notary Public, State Of Florida At Large
My Commission Expires Jan. 11, 1995

Bonded By Western Surety Company

This instrument prepared by:
Robert L. Rogers Engineering Company, Inc.
1105 SE Third Ave.
Ocala, Fla. 34471

BYLAWS

of

TAYLOR COASTAL UTILITIES, INC.

ARTICLE I

General Purposes

The purposes for which this Corporation is formed, and the powers which it may exercise are set forth in the Articles of Incorporation of the Corporation.

ARTICLE II

Name and Location

Section 1. The name of this Corporation is the Taylor Coastal Utilities, Inc.

Section 2. The principal office of this Corporation shall be located in the City (Village) of Perry, County of Taylor, State of Florida.

ARTICLE III

Seal

Section 1. The seal of the Corporation shall have inscribed thereon the name of the Corporation, the year of its organization and the words, "Corporation Not For Profit, _____."

Section 2. The Secretary of the Corporation shall have custody of the seal.

Section 3. The seal may be used for causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE IV

Fiscal Year

The fiscal year of the Corporation shall begin the first day of January in each year.

ARTICLE V

Membership

Section 1. Membership will be limited to those who obtain the organization's services, acquire a tangible interest in its assets in proportion to the business done with the organization and have a voice in its management.

Section 2. Every person (which word as used herein includes any legal entity) who is a record owner of a fee or undivided fee interest, or having a substantial possessory interest, in a property served by the water system may become a member of the Corporation upon signing such applications and agreements for the purchase of water as may be provided and required by the Corporation and upon the payment of such connection fee as may be imposed by the Board of Directors provided that only one membership at a time may be held for each property served. A single membership may be issued to all persons owning or having a substantial possessory interest in the property. Only one membership may be held with respect to property at one time. The Board of Directors shall cause to be issued appropriate certificates of membership, provided that membership shall not be denied because of the applicant's race, color, creed, or national origin. Membership may be denied if capacity of the Corporation's water system is exhausted by the need of its existing members, or, if the proposed use by the applicant is such that it would interfere with existing uses previously authorized by the Board of Directors.

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

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

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

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

Section 4. Membership shall be transferable but the transfer will be effective only when noted on the books of the Corporation. Such transfer will be made only to a person who obtains a qualifying interest in the property. A member will transfer his membership in the Corporation to his successor in interest as part of the transaction whereby he disposes of his interest to said property. The Secretary, upon request, will make note of such transfer upon the records of the Corporation but need not issue a new certificate to the successor in the interest of the former member.

Section 5. When membership in the Corporation is not transferred, it shall terminate upon the disposition or other termination of the member's interest in the property, regardless of whether or not the certificate is surrendered to the Corporation. Membership also may be terminated by action of the Board of Directors where the use of the property is changed so as to materially increase the amount of water consumed to the prejudice of other existing members or to the prejudice of the orderly operation of the system.

Section 6. Termination of membership will not result in forfeiture of the former member's rights and interest in the organization's assets and he will not be precluded from receiving his proportionate share of any subsequent distribution of such assets by the organization.

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

Section 8. In the event a member's property interest is divested other than by voluntary means, such member's membership will pass to the trustee, receiver, executor, or the like who will be entitled either in person or through a designated representative to exercise all of the rights incident to such membership, but subject to such duties and liabilities also applicable to the membership. The trustee, receiver, executor, or the like, may terminate such membership by written notice to such effect, delivered or mailed to the Secretary of the Corporation. Upon the final disposition of such property rights, the owner thereof shall be entitled to membership in like manner as if the membership had been transferred to him by the original member as set forth in Section 4 above.

Section 9. Upon the transfer of a membership, the Corporation will not look to the successor in interest for the payment of any past due amounts. The Corporation will seek collection only from the individual who incurred such charges or assessments or from the property itself if a judgment lien had been duly perfected against such property.

ARTICLE VI

Membership Certificates

Section 1. This Corporation shall not have capital stock. Membership in the Corporation shall be represented by membership certificates. Such certificates shall represent the right to use and enjoy the benefits of the Corporation's water supply system upon the payment of necessary assessments, if any, and of reasonable charges based upon such use, provided such use and enjoyment are consistent with the rules, regulations, and contracts affecting the same as may from time to time be prescribed by the Board of Directors.

Section 2. A membership certificate shall be issued to each holder of fully paid membership, numbered consecutively in accordance with the order of issue, and bear on its face the following statement:

This membership certificate, No. _____, is issued and accepted in accordance with and subject to the conditions and restrictions stipulated in the Articles of Incorporation and Bylaws and amendments to the same of the Taylor Coastal Utilities, Inc. Water Association.

ARTICLE VII

Meetings of Members

Section 1. The annual meeting of the members of this Corporation shall be held at the City (Village) of Perry, County of Taylor, State of Florida, at 7 o'clock p.m., on the first Thursday of February of each year, if not a Sunday or legal holiday, or if a Sunday or legal holiday on the next business day following. The place, day, and time of the annual meeting may be changed to any other convenient place, day, and time in the county by the Board of Directors giving notice thereof to each member not less than ten (10) days in advance thereof.

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

Section 3. Notice of meetings of members of the Corporation, both regular and special, shall be given by notice mailed by first-class mail to each member of record, directed to the address shown upon the books of the Corporation, not less than ten (10) nor more than forty (40) days prior to such meeting. Such a notice shall state the nature, time, place and purpose of the meeting, but no failure or irregularity of notice of any annual meeting, regularly held, shall affect any proceedings taken thereat.

Section 4. The presence at a meeting of members entitled to cast in their own right or by proxy 25 percent of the total number of votes shall constitute a quorum. All proxies shall be in writing and filed with the Secretary. Such proxies may be general or restrictive. Proxies shall be revocable and shall not be valid beyond 11 months, nor after termination of the membership by cessation of the member's interest in the property.

Section 5. Directors of this Corporation shall be elected at the annual meeting of the members as provided in Article VIII, Section 1. No cumulative voting shall be allowed.

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

1. Calling to order and proof of quorum
2. Proof of notice of meeting
3. Reading and Action on any unapproved minutes
4. Reports of officers and committees
5. Election of Directors
6. Unfinished business
7. New business
8. Adjournment

ARTICLE VIII

Directors and Officers

Section 1. The Board of Directors of this Corporation shall consist of seven (7) members, all of whom shall be members of the Corporation. The Directors named in the Articles of Incorporation shall serve until the first annual meeting of the members and until their successors are elected and have qualified. At the first annual meeting, three (3) Directors shall be elected for a term of one (1) year; two (2) Directors for a term of two (2) years; and two (2) Directors for a term of three (3) years. At each annual meeting thereafter, the members shall elect for a term of three (3) years the number of Directors whose terms of office have expired. Each Director shall hold office for the term for which he is elected and until his successor shall have been elected and qualified.

Section 2. The Board of Directors shall meet within ten (10) days after the annual election of Directors and shall elect a President and Vice-President from among themselves and a Secretary-Treasurer who need not be a member of the Board of Directors, each of whom shall hold office until the next annual meeting and until the election and qualification of his successor unless sooner removed by death, resignation or for cause.

Section 3. If the office of any Director becomes vacant by reason of death, resignation, retirement, disqualification or otherwise, except by removal from office, a majority of the remaining directors, though less than a quorum shall, by a majority vote, choose a successor who shall hold office until the next regular meeting of the members of the Corporation, at which time the members shall elect a Director for the unexpired term or terms, provided that in the call of such regular meeting a notice of such election shall be given.

Section 4. The majority of the Board of Directors shall constitute a quorum at any meeting of the Board. The affirmative vote of the majority of the Directors at a meeting at which a quorum is present shall be the act of the Board.

Section 5. Officers and Directors shall receive no compensation for their services as such.

Section 6. Officers and Directors may be removed from office in the following manner: Any member, officer or director may present charges against a director or officer by filing them in writing with the Secretary of the Corporation. If presented by a member, the charges will be accompanied by a petition signed by ten percent of the members of the Corporation. Such removal shall be voted on at the next regular or special meeting of the members and shall be effective if approved by a vote of a majority of those voting if a quorum is present. The director or officer against who such charges have been presented shall be informed, in writing, of such charges at least twenty days prior to the meeting, and shall have the opportunity at such meeting to be heard in person or by counsel and to present witnesses; and the person or persons presenting such charges against him shall have the same opportunity. If the removal of a director is approved, such action shall also vacate any other office held by the removed director in the Corporation. A vacancy in the Board thus created shall immediately be filled by a vote of a majority of the members present and voting at such meeting. A vacancy in any office thus created shall be filled by the Board of Directors from among their number so constituted after the vacancy in the Board has been filled.

ARTICLE IX

Duties of Directors

Section 1. The Board of Directors, subject to restrictions of law, the Articles of Incorporation, and these Bylaws, shall exercise all of the powers of the Corporation and, without prejudice to or limitation upon their general powers, it is hereby expressly provided that the Board of Directors shall have, and are hereby given, full power and authority with respect to the matters as hereinafter set forth to be exercised by resolution duly adopted by the Board:

- a. To approve membership applications and to cause to be issued appropriate certificates of membership. The Board may make binding commitments to issue membership certificates and to permit the connection of properties to the system in the future in cases involving proposed construction or may issue such certificates prior to the commencement of the proposed construction.
- b. To select and appoint all agents or employees of the Corporation, remove such agents or employees of the Corporation, prescribe such duties and designate such powers as may not be inconsistent with these Bylaws, fix their compensation and pay for faithful services.
- c. To borrow from any source, money, goods or services and to make and issue notes and other negotiable or nonnegotiable instruments evidencing indebtedness of the Corporation; to make and issue mortgages, deeds of trust, pledges of revenue, trust agreements, security agreements and financing statements and other instruments evidencing a security interest in the assets of the Corporation; and, to do every act and thing necessary to effectuate the same.
- d. To prescribe, adopt and amend, from time to time such equitable uniform rules and regulations as, in its discretion, may be deemed essential or convenient for the conduct of the business and affairs of the Corporation and the guidance and control of its officers and employees, and to prescribe adequate penalties for the breach thereof.
- e. To order, at least once each year, an audit of the books and accounts of the Corporation by a competent public auditor or accountant. The report prepared by such auditor or accountant shall be submitted to the members of the Corporation at their annual meeting, together with a proposed budget for the ensuing year. Copies of such audits and budgets shall be submitted to such parties as may be required by other agreements.

- f. To fix and alter the charges to be paid by each member for services rendered by the Corporation to the member, including connection fees where such are deemed to be necessary by the Directors, and to fix and alter the method of billing time of payment, manner of connections, and penalties for late or nonpayment of the same. The Board may establish one or more classes of users. All charges shall be uniform and nondiscriminating within each class of users.
- g. To require all officers, agents, and employees charged with responsibility for the custody of any of the funds of the Corporation to give adequate bonds, the cost thereof to be paid by the Corporation, and it shall be mandatory upon the Directors to so require.
- h. To select one or more banks to act as depositories of the funds of the Corporation and to determine the manner of receiving, depositing, and disbursing the funds of the Corporation and the form of checks and the person or persons by whom the same shall be signed, with the power to change such banks and the person or persons signing such checks and the form thereof at will.
- i. To levy assessments against the members of the Corporation in such manner and upon such proportionate basis as the Directors deem equitable, and to enforce collection of such assessments by the suspension of water service or other legal methods. The Board of Directors shall have the option to suspend the service of any member who has not paid such assessment within 30 days from the date the assessment was due, provided the Corporation will give the member at least 15 days written notice at the address of the member on the books of the Corporation of its intention to suspend such service if the assessment is not paid. Upon payment of such assessments, any penalties applicable thereto, and a reconnection charge, if one is in effect, service will be promptly restored to such a member.

ARTICLE X

Duties of Officers

Section 1. Duties of President. The President shall preside over all meetings of the Corporation and the Board of Directors, call special meetings of the Board of Directors, perform all acts and duties usually performed by an executive and presiding officer, and sign all membership certificates and such other papers of the Corporation as he may be authorized or directed to sign by the Board of Directors, provided the Board of Directors may authorize any person to sign any or all checks, contracts and other instruments in writing on behalf of the Corporation. The President shall perform such other duties as may be prescribed by the Board of Directors.

Section 2. Duties of the Vice-President. In the absence or disability of the President, the Vice-President shall perform the duties of the President; provided, however, that in case of death, resignation, or disability of the President, the Board of Directors may declare the office vacant and elect his successor.

Section 3. Duties of the Secretary-Treasurer. The Secretary-Treasurer shall keep a complete record of all meetings of the Corporation and of the Board of Directors and shall have general charge and supervision of the books and records of the Corporation. He shall attest the President's signature on all membership certificates and other papers pertaining to the Corporation unless otherwise directed by the Board of Directors. He shall serve, mail, or deliver all notices required by law and by these Bylaws and shall make a full report of all matters and business pertaining to his office to the members at the annual meeting or at such other time or times as the Board of Directors may require. He shall keep the corporate seal and membership certificate records of the Corporation, complete and attest all certificates issued and affix said corporate seal to all papers requiring seal. He shall keep a proper membership certificate record, showing the name of each member of the Corporation and date of issuance, surrender, transfer, termination, cancellation or forfeiture. He shall make all reports required by law and shall perform such other duties as may be required of him by the Corporation or the Board of Directors. Upon the election of his successor, the Secretary-Treasurer shall turn over to him all books and other property belonging to the Corporation that he may have in his possession. He shall also perform such duties with respect to the finances of the Corporation as may be prescribed by the Board of Directors.

ARTICLE XI

Benefits and Duties of Members

Section 1. The Corporation will install, maintain and operate a main distribution pipeline or lines from the source of the water supply and service lines from the main distribution pipeline or lines to the property line of each member of the Corporation, at which points, designated as delivery points, meters to be purchased, installed, owned and maintained by the Corporation shall be placed. The cost of the service line or lines from the main distribution pipeline or lines of the Corporation to the property line of each member shall be paid by the Corporation. The Corporation also may purchase and install a cutoff valve in each service line from its main distribution line or lines, such cutoff valve to be owned and maintained by the Corporation and to be installed on some portion of the service line owned by the Corporation. The Corporation shall have the sole and exclusive right to use of such cutoff valve. The provisions of this section, however, shall not be construed to require the acquisition or installation of meters or cutoff valves where the Directors

determine under the circumstances of the system and the nature of the membership that the use of either or both of such devices is impractical, unnecessary to protect the system and the rights of the membership, and/or economically not feasible.

Section 2. Each member will be required at his own expense to have excavated a ditch for the connection of the service line or lines from the property line of the member to his dwelling or other portion of his premises, and to purchase and have installed the portion of the service line or lines from his property line to the place of use on his premises. The member will maintain such portion of such service line or lines which shall be owned by the member, at his own expense. The Corporation may, if the Board of Directors so determines, purchase the pipe for and install such portion of such service line or lines, the cost of which will, however, be paid by the individual members. In addition, each member shall pay such connection charge, if any, as may have been imposed by the Board of Directors before such member will be entitled to receive water from the system.

Section 3. Each member may be permitted to have additional service lines from the Corporation's water system at the discretion of the Board of Directors upon proper application therefore and the tender of payment not to exceed the then existing connection charge. The approval by the Board of Directors of additional service lines to an existing member may be made conditional upon such provisions as the Board of Directors determines necessary to protect the interests of other members and to allow for the orderly expansion and extension of the system to serve other property that may need service along the distribution lines of the system. Each service line shall connect with the Corporation's water system at the closest available point to the place of desired use by the member if the Corporation's water system has sufficient capacity to permit the delivery of water through a service line at that point without interfering with the delivery of water through a prior service line. If the Corporation's water system is inadequate to permit the delivery of water through a service line installed at such place without interfering with the delivery of water through a prior service line, then such service line shall be installed at such place designated by the Corporation.

Section 4. Each member may be permitted to purchase from the Corporation, pursuant to such agreement as may from time to time be provided and required by the Corporation, such water as is needed for domestic, commercial, agricultural, industrial or other purposes as a member may so desire, subject, however, to the provision of these laws and to such rules and regulations as may be prescribed by the Board of Directors. Each member shall be entitled to have delivered to him through his service lines only such water as may be necessary to supply the needs of each member including his family, business, agricultural or industrial requirements. The water delivered through each service line may be metered separately and the charges for such water may be determined separately, irrespective of the number of service lines owned by a member.

Section 5. In the event the total water supply shall be insufficient to meet all of the needs of the members or in the event there is a shortage of water, the Corporation may prorate the water available among the various members on such basis as is deemed equitable by the Board of Directors, and may also prescribe a schedule of hours covering use of water for commercial, agricultural or industrial purposes by particular members and require adherence thereto or prohibit the use of water for commercial, agricultural or industrial purposes; provided, that if at any time the total water supply shall be insufficient to meet all of the needs of all of the members for domestic, livestock, commercial, agricultural or industrial purposes, the Corporation should first satisfy all of the reasonable needs of the members for domestic purposes before supplying any water for livestock purposes and should satisfy all of the needs of all of the members for domestic and livestock purposes before supplying any water for commercial or industrial purposes; and, provided further, that where a member has more than one service line, the Corporation may cut off the flow of water to the nondomestic service lines until such time as the supply of water from the system is sufficient to meet the needs of all of the members for domestic, livestock, and garden purposes. During such periods of shutoff of additional service lines, there shall be no minimum fee charged to the members having such additional service lines and the cost, if any, of resuming the flow of water to such additional service lines shall be borne by the Corporation.

Section 6. The Board of Directors shall, with the consent of the Farmers Home Administration, so long as it shall either hold any obligations or insure any financing of the system, prior to the beginning of each calendar year, determine the flat minimum monthly rate to be charged each member during the following calendar year for a specified quantity of water, such flat minimum monthly rate to be payable irrespective of whether any water is used by a member during the month, the amount of additional charges, if any, for additional water which may be supplied the members, and the amount of penalty for late payments and shall fix the date for the payment of such charges. A member to be entitled to the delivery of water shall pay such charges at the office designated by the Corporation at or prior to the dates fixed by the Board of Directors. The failure to pay water charges duly imposed shall result in the automatic imposition of the following penalties:

- a. Nonpayment within ten (10) days from the due date will be subject to a penalty of ten (10) percent of the delinquent account, which percent may be changed at the discretion of the Board of Directors.
- b. Nonpayment within thirty (30) days from the due date will result in the water being shut off from the member's property without any notice thereof to such delinquent member. Upon the payment by the delinquent member of past due water charges, penalties thereon, any reconnection charge, such member shall be entitled to resumption of the water supply. During the time of such suspension of water to a member, such member shall have no right to vote in the affairs of the Corporation.

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

ARTICLE XII

Distribution of Surplus Funds

Section 1. It is not anticipated that there will be any surplus funds or net income to the Corporation at the end of the fiscal year after provisions are made for the payment of the expenses of operation and maintenance and the funding of the various reserves for depreciation, debt retirement, and other purposes, including those required by the terms of any borrowing transaction. The occurrence in subsequent fiscal years of surplus funds or net income above the requirements of the Corporation as above mentioned, including, if any, a reserve for improvements and extension of the facilities shall be taken into consideration by the Board of Directors in determining the water rates to be charged the members.

Section 2. The organization will provide services substantially at cost. Dividends shall not be paid on the basis of membership or shares of stock in the organization. All funds from whatever sources remaining at the end of the year in excess of those needed to meet current losses and expenses will be distributed to members in proportion to the amount of business done by them during the year subject to concurrence of the Farmers Home Administration or will be retained for such purposes as retiring indebtedness incurred in acquiring assets, expanding the organization's services, or maintaining reserves for necessary purposes. However, the organization will maintain records from which each member's rights and interest in the retained funds and assets acquired with such funds in a proportion to his business with the organization can be determined at any time. Required records for this purpose include financial records that show the organization's savings from all sources for each year, and records, such as bills or receipts, showing the amount of each member's business annually with the organization.

Section 3. Upon dissolution, after paying off all debts and obligations, members and former members will be entitled to receive their equitable share of all the proceeds remaining to the extent practicable as reflected by the records.

ARTICLE XIII

Amendments

These Bylaws may be repealed or amended by a vote of a majority of the members present at any regular meeting of the Corporation, or at any special meeting of the Corporation called for that purpose, except that so long as any indebtedness is held by or guaranteed by the Farmers Home Administration, the members shall not have the power to change the purposes of the Corporation so as to decrease its rights and powers under the laws of the state, or to waive any requirement of bond or other provision for the safety and security of the property and funds of the Corporation or its members, or so to amend the Bylaws as to effect a fundamental change in the policies of the Corporation without the prior approval of the Farmers Home Administration in writing.

We certify that the foregoing Bylaws were duly adopted by the members on November 30, 1993, that the same are in full force and effect and have not been amended.

Given under our hands and the seal of the Corporation, this 30th day of November, 1993.

Gene Saulkner
Secretary-Treasurer

John L. B. B. B.
President

TAYLOR COASTAL UTILITIES, INC.
POST OFFICE BOX 1126
PERRY, FL 32347
(904) 578-2277

AMENDMENT TO

BYLAWS

OF

TAYLOR COASTAL UTILITIES, INC.

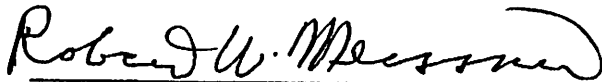
February 1, 1996

Article IV shall be changed to read as follows:

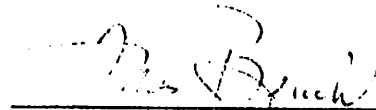
The fiscal year of the Corporation shall begin the first day of July in each year.

We certify that the foregoing Amendment was duly adopted by the members at the Annual Meeting on February 1, 1996.

Given under our hands and the seal of the Corporation, this 21st day of February 1996.



Robert W. Meissner
Secretary/Treasurer



Travis Beach
President



RULES AND REGULATIONS
OF
TAYLOR COASTAL UTILITIES, INC.

I. CLASSIFICATION OF SERVICE:

Residential: This category applies strictly to a single family dwelling or to each residential unit in an auto court, duplex or multiple dwelling building.

Commercial: This category applies to all services not classified as residential.

II. APPLICATION FOR SERVICE:

(a) The consumer will make application for service, in person, at the office of the corporation and at the same time make the deposit guarantee required below.

(b) The Corporation may reject any application for service not available under a standard rate or which involves excessive service cost, or which may affect the supply of service to other customers or for other good and sufficient reasons.

(c) The Corporation may reject any application for service when the applicant is delinquent in payment of bills incurred for service previously supplied at any location, provided that when the owner of the premises has been served water and/or sewer service and has not paid for the same, the Corporation shall not be required to render service to anyone at said location where the service was used, until said bill has been paid.

(d) For violation of any of the provisions of these rules relating to application for service, the Corporation may at the expiration of 30 days after mailing a written notice to the last known address of the consumer, remove the meter and discontinue service. Where the meter is thereafter re-installed, the Consumer shall first pay to the Corporation a reinstallation charge of \$100.00.

III. GUARANTEED DEPOSIT:

(a) For residential use a minimum cash deposit of \$50.00 will be required. For commercial use a minimum cash deposit of 2 months consumption will be required. In no case shall a deposit be required in excess of 2 months estimated consumption, provided that the Corporation shall have the option, on 30 days written notice, to require the consumer to increase the deposit to two times the amount of the highest monthly bill therefor.

(b) Interest will be computed and credited on January 2 of each year, at the prevailing rate paid by banks in the area, on all deposits which have been left with the Corporation for 12 consecutive months or longer, provided that bills have been paid promptly during such period.

(c) The individual in whose name the deposit is made shall be responsible for payment of all bills incurred in connection with the service furnished.

(d) A separate deposit is required for each water meter and/or each sewer connection installed, after initial system construction is completed.

(e) The guarantee deposit is not negotiable and can be redeemed only at the Corporations's office.

(f) Where the Corporation finds that the request for a guarantee deposit refund is questionable, the Corporation may require the user to produce the deposit receipt properly endorsed.

IV. INITIAL OR MINIMUM CHARGE:

(a) The initial or minimum charge, as provided in the rate schedule, shall be made for each meter and sewer connection installed, regardless of location. Each meter and/or sewer connection requires a separate billing sheet and each sheet shall cover a separate and individual account.

(b) The consumer shall be allowed additional water and/or sewer service at the regular minimum rates as evidenced by the published rate schedules of the Corporation. All excess usage will be billed at the Corporation's regular published rates.

(c) Water and Sewer Services furnished for a given lot shall be used on that lot only. Each class of service must be separately metered at single delivery and metering point. Each commercial unit and each storeroom or stall used for business purposes, shall have a separate meter. All commercial use, including storerooms and stalls for business purposes shall be metered separately from any residential use, and vice versa, whether now in service or to be installed in the future.

V. CORPORATION'S RESPONSIBILITY AND LIABILITY

(a) The Corporation shall run a service line from its water distribution line and sewer collection line to the property line where the distribution line exists and runs immediately adjacent and parallel to the property to be served.

(b) The Corporation may install its meter at the property line or, at the Corporation's option, on the consumer's property or in a location mutually agreed upon.

(c) When two or more meters are to be installed on the same premises for different consumers they shall be closely grouped and each clearly designated to which consumer it applies.

(d) The Corporation does not assume the responsibility of inspecting the consumer's piping or apparatus and will not be responsible therefor.

(e) The Corporation reserves the right to refuse service unless the consumer's lines or piping are installed in such manner as to prevent cross connections or backflow.

(f) The Corporation shall not be liable for damage of any kind whatsoever resulting from water or the use of water and/or wastewater on the consumer's premises, unless such damage results directly from negligence on the part of the Corporation. The Corporation shall not be responsible for negligence of third persons, or forces beyond the control of the Corporation, resulting in any interruption of service.

(g) Under normal conditions, the consumer will be notified of any anticipated interruption of service.

VI

CONSUMERS RESPONSIBILITY:

(a) Piping on the consumer's premises must be so arranged that the connections are conveniently located with respect to the Corporation's lines or mains.

(b) If the consumer's piping on consumer's premises is so arranged that the Corporation is called upon to provide additional meters, each place of metering will be considered as a separate and individual account.

(c) Where meter is placed on premises of a consumer, a suitable place shall be provided by consumer for placing such meter, unobstructed and accessible at all times to the meter reader.

(d) The consumer shall furnish and maintain a private cut-off valve on the consumer's side of the meter, the Corporation to provide a like valve on the Corporation's side of such meter.

(e) The consumer's piping and apparatus shall be installed and maintained, by the consumer at the consumer's expense, in a safe and efficient manner and in accordance with the Corporation's rules and regulations and in full compliance with the sanitary regulations of the State Board of Health.

(f) The consumer shall guarantee proper protection for the Corporation's property placed on the consumer's premises and shall permit access to it only by authorized representatives of the Corporation.

(g) In the event that any loss or damage to the property of the Corporation or any accident or injury to persons or property is caused by or results from the negligence or wrongful act of the consumer, his agents or employees, the cost of the necessary repairs or replacements shall be paid by the consumer to the Corporation and any liability otherwise resulting shall be assumed by the consumer.

(h) The amount of such loss or damage or the cost of repairs shall be added to the consumer's bill and if not paid, service may be discontinued by the Corporation.

VII

EXTENSIONS TO MAINS AND SERVICES:

(a) The Corporation may construct extensions to its water lines to points within its certified area but the Corporation shall not be required to make such installations unless the consumer purchases a membership certificate and advances to the Corporation the entire cost of the installation.

(b) All line extensions shall be evidenced by contract signed by the Corporation and the person advancing funds for said extension, but each contract shall be null and void unless approved by the Corporation Board of Directors.

(c) The Corporation shall not be required to refund any part of the advance made by the consumer to cover the cost of the extension.

(Cont.)

(f) Delinquent notices will be mailed to the consumer 15 days after the regular monthly billing date, and if payment is not made within 30 days after date of mailing, service may be discontinued.

(g) Failure to receive bills or notices shall not prevent such bills from becoming delinquent nor relieve the consumer from payment.

XI SUSPENSION OF SERVICE:

(a) When services are discontinued and all bills paid, the deposit will be refunded.

(b) Upon discontinuance of service for nonpayment of bills, the deposit will be applied by the Corporation toward settlement of the account. Any balance will be refunded to the consumer but if the deposit is not sufficient to cover the bill, the Corporation may proceed to collect the balance in the usual way provided by law for the collection of debts.

(c) Service discontinued for nonpayment of bills will be restored only after bills are paid in full, re-deposit made and a service charge of \$100.00 paid for each meter reconnected.

(d) The Corporation reserves the right to discontinue its service without notice for the following additional reasons:

1. To prevent fraud or abuse.
2. Consumers willful disregard of the Corporation's rules.
3. Emergency repairs.
4. Insufficiency of supply due to circumstances beyond the Corporation's control.
5. Legal processes.
6. Direction of public authorities.
7. Strike, riot, fire, flood, accident or any unavoidable cause.

(e) The Corporation may, in addition to prosecution by law, permanently refuse service to any consumer who tampers with a meter or other measuring device.

XII COMPLAINTS - ADJUSTMENTS:

(a) If the consumer believes his bill to be in error, he shall present his claim, in person, at the Corporation's office before the bill becomes delinquent.

Such claim if made after the bill has become delinquent shall not be effective in preventing discontinuance of service, as heretofore provided. The consumer may pay such bill under protest and said payment shall not prejudice his claim.

(b) The Corporation will make special meter readings at the request of consumer for a fee of \$ 25.00 provided, however, that if such special reading discloses that the meter was over-read, no charge will be made.

.II (Cont.)

(c) Meters will be tested at the request of the consumer upon payment to the Corporation of the actual cost to the Corporation of making the test, provided, however, that if the meter is found to over-register beyond + 1% per centum of the correct volume, no charge will be made.

(d) If the seal of a meter is broken by other than the Corporation's representative or if the meter fails to register correctly or is stopped for any cause, the consumer shall pay an amount estimated from the record of his previous bills and/or from other proper data.

XIII ABRIDGEMENT OR MODIFICATION OR RULES:

(a) No promise, agreement or representation of any employee of the Corporation shall be binding upon the Corporation except as it shall have been agreed upon in writing, signed and accepted by the acknowledged officers of the Corporation.

(b) No modification of rates or any of the rules and regulations shall be made by any agent of the Corporation.

XIV ADOPTION OF RULES:

Until further order of the Board of Directors of this Corporation the rules and regulations as the same are hereinabove set out, are hereby adopted as of the date hereof to become effective on and after December 8, 1993.

Done this the Seventh day of December, 1993.

Taylor Coastal Utilities, Inc.

BY: *W. L. Beach*
President

Attest: *Gwen Faulkner*
Secretary

Seal: _____