



BYLAWS

OF

COMMUNITY WATER COMPANY
OF GREEN VALLEY

an Arizona non-profit corporation
Adopted November 22, 1975
as Amended and Restated January 1, 2018

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ARTICLE I—OFFICES

1.1 PRINCIPAL OFFICE

The principal office of the Corporation shall be in the Town of Sahuarita or the community of Green Valley, Arizona. Said office may, from time to time, be moved elsewhere in Pima County as determined by the Board of Directors of the Corporation.

1.2 OTHER OFFICES

The Corporation may maintain other offices within the County of Pima as determined by the Board of Directors.

ARTICLE II—MEMBERSHIPS

2.1 CLASSES OF MEMBERSHIPS

Applicable to all classes of memberships.

- 1 Qualifications
 - A. Only members may receive water services from the Corporation; the only exception being identified in qualification B below.
 - B. This article recognizes that a group of customers subscribed prior to the 27th day of July 1977 and had waived membership in the Corporation.¹ These customers may become Class A members by paying the service connection fee fixed by the Board of Directors of the Corporation as approved by the Arizona Corporation Commission.
- 2 Rights and Privileges
 - A. Each member is entitled to vote on corporation business brought forth by the Board of Directors of the Corporation.
 - B. No member shall be recognized as holding more than one (1) membership in a membership class.
 - C. Revenues and related expenses by membership classes are maintained as required by law.
 - D. Revenues from each member constitutes doing business with the Corporation.
 - E. Upon voluntary termination or lapse of membership, the current member retains its rights and interest in the assets of the organization as a former member.
 - F. Membership of any member shall be terminated when all applicable services to the member are discontinued for any cause.
 - G. Members of the Corporation may withdraw from membership by notifying the Secretary of the Corporation in writing by regular mail of such withdrawal and completing necessary outstanding contractual obligations.

¹ In 2016, the Corporation approached the remaining group of customers who subscribed prior to the 27th day of July 1977 and had waived membership in the Corporation. Two (2) members of this group have chosen not to subscribe to membership; the remaining members of this group have chosen to subscribe to membership.

2.2 CLASS A MEMBERSHIP

Members are any person that makes an application for water delivery service and pays the service connection fee.

1 Qualifications

- A. Any person shall become a member of the Corporation by making application for water delivery service connection and paying the water delivery service connection fee fixed by the Board of Directors of the Corporation with the approval of the Arizona Corporation Commission.

2 Rights and Privileges

- A. Class A membership interest is not affected due to ownership of the property served and whether tenant or landlord.

3 Joint Membership and Conversion Thereof

Two or more adult occupants of a property who apply for membership together shall have a joint membership, and subject to their compliance with the requirements set forth in this paragraph may be accepted for such membership. The term member as used in these bylaws shall be deemed to include adult occupants of a property holding a joint membership, and any provisions related to the rights and liabilities of membership shall apply equally with respect to the holders of joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of the holders of a joint membership shall be as follows:

- A. The presence at a meeting of one or more joint members shall be regarded as the presence of one member and shall have the effect of revoking a proxy executed by any of the joint members and of constituting a joint waiver of notice of the meeting.
- B. The vote(s) of any joint member(s) shall constitute one vote, and in the event of disagreement between joint members who are present at a meeting, the joint membership shall be deemed to have abstained from voting.
- C. A proxy executed by any of the joint members shall constitute one joint proxy.
- D. A waiver of notice signed by any of the joint members shall constitute a joint waiver.
- E. Notice to any of the joint members shall constitute notice to all.
- F. Expulsion of the joint members shall terminate the joint membership.
- G. Only one of the joint members and not two or more may be elected or appointed as an officer or director, provided that the person meets the qualifications for such office.
- H. Upon the death of an adult occupant of a property who is a party to the joint membership, such membership shall be held by the surviving joint member(s).

4 Representation

Any firm, association, corporation, or body politic or subdivision thereof, shall timely notify in writing the Secretary of the Corporation the name of the member, officer or elected official who

shall be the designated person to cast a vote for such firm, association, corporation or body politic or subdivision thereof.

2.3 CLASS B MEMBERSHIP

Members are a person elected by the Board of Directors of the Corporation as a member of the Corporation.

1 Qualifications

The Board of Directors may elect a person to be a member of the Corporation. For purposes of this Section, a person means a natural person, a firm, corporation, association, business trust, partnership, state or political subdivision, or agency of a state or political subdivision.

2 Rights and Privileges

Class B members will be granted all the rights and privileges and limitations of a Class A member.

2.4 CLASS C MEMBERSHIP

Members are any person or entity entitled to receive water recharge services and are approved as a member by the Board of Directors of the Corporation.

1 Qualifications

Any person or entity entitled to receive recharge services through a subsidiary of the Corporation and is approved as a Class C member by the Board of Directors of the Corporation. Each member using the recharge services of a subsidiary of the Corporation shall fund the recharge services subject to the conditions set forth and agreed upon by the Board of Directors of a subsidiary of the Corporation.

2 Rights and Privileges

- A. The presence at a meeting of one or more representatives of a Class C member shall be regarded as the presence of one member.
- B. Class C membership does not entitle the holder to water delivery services of the Corporation.

3 Survivorship of Membership and Conversion Thereof

The term member as used in these bylaws shall be deemed to include a representative of an entity that is entitled to recharge services through a subsidiary of the Corporation. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of the holders of membership shall be as follows:

- A. Notice to any of the representatives of a member shall constitute notice to all.
- B. Expulsion of the representatives of a member shall terminate the membership.
- C. Withdrawal of all representatives of a member shall terminate the membership.

4 Representation

Any firm, association, corporation, or body politic or subdivision thereof, shall timely notify in writing the Secretary of the Corporation the name of the representative for such firm, association, corporation or body politic or subdivision thereof.

ARTICLE III—ASSESSMENT OF MEMBERS

3.1 RELEVANT ARTICLES OF INCORPORATION PROVISIONS

The laws, referenced in Article III of the Articles of Incorporation, as memorialized in the Arizona nonprofit corporation act, provide that the members shall be personally exempt from the acts, debts, liabilities or obligations of the Corporation and shall be subject to assessment as provided in these bylaws.

ARTICLE IV—MEETINGS OF THE MEMBERS

4.1 ANNUAL MEETING

A date for the annual meeting of the membership shall be set for each year by the Board of Directors at the last scheduled meeting of the Board of Directors held during the preceding year, at such a place in the Town of Sahuarita or the community of Green Valley, Arizona, as shall be designated in the notice of the meeting, for the purpose of electing Directors, presentation of reports by the Corporation's officers for the previous fiscal year, and transacting such other business as may come before the meeting. It shall be the responsibility of the Chair of the Board of Directors to make adequate plans and preparation for the annual meeting.

4.2 SPECIAL MEETING

Special meetings of the members may be called by resolution of the Board of Directors, by the Chair of the Board of Directors, by a written request authorized by any three Directors, or by the Secretary upon receipt of the written request of twenty percent (20%) of the members. Special meetings of the members may be held at any place within the Town of Sahuarita or the community of Green Valley, Arizona, as specified in the notice of the special meeting

4.3 NOTICE OF THE MEETING OF THE MEMBERS

Written notice stating the place, day and hour of the meeting, and in the case of a special meeting or an annual meeting at which business requiring special notice is to be transacted, the purpose for which the meeting is called, shall be delivered not less than ten days nor more than thirty days before the date of the meeting, at the direction of the Secretary of the Corporation, or upon a default in duty by the Secretary of the Corporation, by the persons calling the meeting, to each member, and such notice shall also be published in the local newspaper at least once not less than ten days before such meeting.

The notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the Corporation, with postage thereon prepaid. The failure of any individual member to receive notice of a meeting shall not invalidate the meeting if notice was delivered as provided.

4.4 QUORUM

Five percent (5%) of the membership, present in person or by proxy shall constitute a quorum. A majority of those present in person may adjourn the meeting from time to time without further notice if less than a quorum is present at any meeting.

4.5 VOTING

Each member shall be entitled to vote in accordance with the provision specified by their applicable class of memberships, see Article 2. All questions shall be decided by a vote of a majority of the members voting thereon in person or by proxy, except as otherwise provided by law, the Articles of Incorporation, or these bylaws. Cumulative voting shall not be allowed.

4.6 PROXIES

A member may vote by proxy executed in writing by the member. Such proxy shall be filed with the Secretary of the Corporation before or at the time of the meeting. No proxy shall be valid at any meeting commenced more than sixty days from the date of its execution. No proxy shall be valid unless it shall designate the meeting at which it is to be voted, and no proxy shall be voted at any meeting other than the one so designated or any adjournment of such meeting. A member may designate as his proxy only another member or an adult living in the same household with such member. The presence of a member at a meeting shall revoke any proxy theretofore executed by such member, and such member shall be entitled to vote at such meeting in the same manner and with the same effect as if he had not executed a proxy.

4.7 MEMBER MOTIONS

Members who would like to present a motion for consideration at the annual meeting of the members must submit the motion with supporting information, in writing, with the member's name and address to the offices of the Company no later than a date set by the Board of Directors prior to the scheduled annual meeting of the members. The directors shall prepare the required materials to include the member's motion in the proxy materials for the annual meeting of the members.

4.8 ORDER OF BUSINESS

The order of business at the annual meeting of the members and, so far as possible, and at all other meetings of the members, shall be essentially as follows:

1. Safety Share
2. Report on the number of members present in person or by proxy to determine the existence of a quorum
3. Reading of the notice of the meeting and proof of the service and publication thereof, or the waiver or waivers of notice, as the case may be
4. Reading of unapproved minutes of the previous meeting of the members and the taking of necessary action thereon
5. Presentation and consideration of reports of officers, directors, and committees
6. Election of Directors
7. Unfinished business
8. New business
9. Adjournment

ARTICLE V—DIRECTORS

5.1 GENERAL POWERS

The business and affairs of the Corporation shall be managed by a Board of Directors of not less than five Directors and said Board of Directors shall exercise all the powers of the Corporation except those which are by law, the Articles of Incorporation, or these bylaws, conferred upon or reserved to the members.

5.2 TENURE OF DIRECTORS

The Board of Directors has established that maintaining nine (9) Board of Directors members shall be the goal. The term of service for each Director is three (3) years. At each December Board of Directors meeting, the Board of Directors will set the total number of Directors for the following year, and the vacant positions shall be filled by election accordingly at the Annual Meeting of the Members.

In the event death, resignation, disqualification or another inability to serve shall occur respecting any Director, a replacement Director may be elected by an affirmative vote of no less than a quorum of a majority of the remaining Directors or by a sole remaining Director, and any Director so chosen shall hold office until the next election of Directors when a successor is qualified and elected. When one or more Directors resign from the Board of Directors, effective at a future time, a majority of the Directors then in office, including those who have so resigned, may fill such vacancy, the vote on the vacancy to take effect when such resignation becomes effective. Each Director so chosen shall hold office as provided for the filling of other vacancies.

5.3 QUALIFICATIONS

No persons shall be eligible to become or remain a Director or hold any office in the Corporation who is not a member thereof, except for the Secretary.

5.4 REMOVAL OF DIRECTORS BY MEMBERS

Any member may bring charges against a Director, by filing with the Secretary of the Corporation such charges in writing, together with a petition signed by at least ten percent of the members and may request the removal of such Director by reason thereof. Such Director shall be informed in writing of the charges at least ten days prior to a meeting of the members at which the charges are to be considered, and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges, and the person or persons bring the charges against him shall have the same opportunity, the persons bringing such charges at such meeting having the burden of proof and the burden to go forward with the evidence. The question of the removal of such Director shall be considered and voted upon at the meeting of the members and any vacancy created by such removal shall be filled as provided in Article V, Section 5.2 of the bylaws.

5.5 COMPENSATION

Directors shall not receive a salary for their services as Directors, except by resolution of the Board of Directors. A fixed sum per diem and expenses of attendance may be allowed for attendance at each meeting of the Board of Directors. Board of Directors members and officers incurring business and travel expenses shall submit expense claims monthly for approval by the Chair of the Board of Directors or the Treasurer of the Corporation.

ARTICLE VI—MEETINGS OF DIRECTORS

6.1 REGULAR MEETINGS

The regular annual meeting of the Board of Directors shall be held without notice, immediately after the Annual Meeting of the Members. A regular meeting of the Board of Directors shall also be held at least quarterly at such time and at the principal office of the Corporation, as the Board of Directors may provide by resolution. Such regular meeting may be held without notice other than such resolution fixing the time thereof.

6.2 SPECIAL MEETINGS

Special meetings of the Board of Directors may be called by the Chair of the Board of Directors on his own motion or upon written demand of three Directors. The Secretary of the Corporation shall cause notice of such meetings to be given as hereinafter provided, and in the Secretary's absence or inability or refusal to give notice, then any Director may do so. Notice of the meeting shall specify the time and the place in the Town of Sahuarita or the community of Green Valley, Arizona for the holding of the meeting.

6.3 NOTICE OF SPECIAL DIRECTORS MEETING

Notice of the time, place and purpose of any special meeting of the Board of Directors shall be delivered to each Director not less than three days prior thereto, either personally or by mail. Such notice shall be deemed to be delivered, when personally delivered or deposited in the United States mail, addressed to the Director at his address as it appears on the records of the Corporation, with postage thereon prepaid.

6.4 QUORUM

At all meetings, a majority of the Board of Directors shall constitute a quorum. At any meeting where a quorum does not exist, a majority of the Directors present may adjourn the meeting from time to time, and in such event, the Secretary of the Corporation shall notify each absent Director of the time and place of the adjourned meeting. The act of a majority of the Directors present at a meeting where a quorum existed shall be the act of the Board of Directors.

6.5 PARTICIPATION IN MEETING BY TELEPHONE CONFERENCE

Meetings of the Board of Directors, whether regular or special and any meetings of a duly constituted committee may be held by means of a telephone conference or similar communications equipment, by means of which all persons participating in the meeting can hear each other. Participation in the meeting pursuant to this section shall constitute presence in person at such meeting.

6.6 CONSENT TO MEETING; WAIVER OF NOTICE

Any meeting of the Board of Directors shall be deemed to have been validly and legally called if all of the Directors entitled to vote on the day of the meeting sign a written waiver of notice, either before or after the meeting. Attendance of a Director at any meeting shall constitute a waiver of notice of that meeting and no written waiver need be obtained from that Director except when the Director attends the meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened. All such waivers, consents or approvals shall be filed with the Corporation records.

6.7 UNANIMOUS CONSENT

Any act of the Board of Directors may be taken without a meeting if a consent in writing setting forth the act is signed by all the members of the Board of Directors. Consent shall have the same force and effect as a unanimous vote of the Board of Directors.

ARTICLE VII—OFFICERS

7.1 NUMBER

The officers of the Corporation shall be a Chair of the Board of Directors, Vice Chair of the Board of Directors, a President, a Secretary, a Treasurer, and such other officers as may be appointed by the Board of Directors. The officers shall be elected by the Board of Directors at its annual meeting. The offices of Secretary and of Treasurer may be held by the same person.

7.2 REMOVAL OF OFFICERS AND AGENTS BY DIRECTORS

Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever, in its judgment, the best interest of the Corporation will be served thereby. In addition, any member of the Corporation may bring charges against an officer, and by filing with the Secretary such charges in writing together with a petition signed by ten percent of the members, may request the removal of such officer. The officer against whom such charges have been brought shall be informed in writing of the charges at least ten days prior to the Board of Directors meeting at which the charges are to be considered, and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges, the person bringing such charges at such meeting having the burden of proof and the burden to go forward with the evidence. In the event the Board of Directors does not remove such officer, the question of his removal shall be considered and voted at the next meeting of the members.

7.3 CHAIR OF THE BOARD OF DIRECTORS

The Chair of the Board of Directors shall:

1. Preside at all meetings of the Directors and at the annual meeting of the members unless otherwise determined by the members of the Board of Directors.
2. Sign, with the Secretary, any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by these bylaws to some other officer or agent of the Corporation, or shall be required by law to be otherwise signed or executed.
3. In the absence of the President, or in the event of his inability or refusal to act, the Chair shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions on the President.
4. Conduct an annual review and evaluation of the President's job performance. Such reviews shall be provided to the appropriate committees of the Board of Directors.
5. In general, perform such duties as may from time to time be prescribed by the Board of Directors.

7.4 VICE-CHAIR OF THE BOARD OF DIRECTORS

The Vice-Chair of the Board of Directors shall:

1. In the absence of the Chair of the Board of Directors, or in the event of his inability or refusal to act, perform the duties of the Chair of the Board of Directors, and when so acting, shall have all the powers of and be subject to all the restrictions on the Chair. The Vice-Chair shall also perform such other duties as may be assigned by the Board of Directors.

7.5 PRESIDENT

The President shall:

1. Perform such duties and exercise such authority and receive such compensation as the Board of Directors from time to time determines.
2. In general, perform all duties incident to the office of President, and such other duties as may from time to time be prescribed by the Board of Directors. The President may be authorized by the Board of Directors to hire subordinate employees.
3. Sign, with the Secretary, any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by these bylaws to some other officer or agent of the Corporation or shall be required by law to be otherwise signed or executed.

7.6 SECRETARY

The Secretary shall:

1. Oversee the integrity of the Company's records; including the minutes of the meetings of the members and of the Board of Directors in an appropriate archive media provided for that purpose.
2. Ensure that all notices are duly given in accordance with these bylaws or as required by law.
3. Be custodian of the corporate records and the corporate seal.
4. Oversee the register of the names and mailing addresses of all members.
5. Oversee the integrity of the books of the Corporation.
6. Ensure that at all times a complete copy of the Articles of Incorporation and bylaws of the Corporation containing all amendments thereto is available on the Company webpage.
7. In general, perform all duties incident to the office of Secretary and such duties as may from time to time be assigned by the Board of Directors.

7.7 TREASURER

The Treasurer shall:

1. Oversee the accounting and financial reporting processes for all funds and securities of the Corporation; including all money due and payable to the Corporation and deposits of all such money in the name of the Corporation in such bank or banks as shall be selected in accordance with provisions of these bylaws.
2. Oversee the integrity of the Company's financial reporting.
3. In general, perform all duties incident to the office of Treasurer and such other duties as from time to time may be assigned by the Board of Directors.

7.8 BONDS OF OFFICERS

Any officer or agent of the Corporation charged with responsibility for the custody of any of its funds or property shall give bonds in such sum and with surety as the Board of Directors shall determine. The Board of Directors in its discretion may also require any other Officer, Agent or Employee of the Corporation to give bond in such amount and with such surety as it shall determine.

7.9 GENERAL MANAGER

The Board of Directors may appoint a General Manager who may be, and shall not be required to be, a member of the Corporation. The General Manager shall perform such duties and shall exercise such authority and receive such compensation as the Board of Directors may, from time to time, determine. The Board of Directors may authorize the General Manager to hire subordinate employees. The General Manager may sign, with the Secretary, any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by the bylaws to some other officer or agent of the Corporation or shall be required by law to be otherwise signed or executed.

7.10 COMPENSATION

The powers, duties, and compensation of Officers, Agents, and General Manager of the Corporation shall be fixed by the Board of Directors. The provisions of the bylaws with respect to compensation of Directors shall not be interpreted to prohibit compensation of Officers for services rendered or to be rendered at times other than during meetings of the Board of Directors.

7.11 REPORTS

The officers of the Corporation shall submit reports covering the business of the Corporation for the previous fiscal year at each annual meeting of the members.

ARTICLE VIII—LOANS AND DISPOSITION OF PROPERTY

8.1 LOANS

No loans shall be contracted on behalf of the Corporation, and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

8.2 DISPOSITION OF PROPERTY

A sale, lease, exchange or other disposition of all, or substantially all, of the assets of the corporation may be made only upon such terms and conditions and for such consideration, which may consist in whole or in part of money or property, real or foreign, as may be authorized in the following manner: the Board of Directors may adopt a resolution approving and authorizing such sale, lease, exchange or other disposition and upon a vote of no less than 50% of the then elected members of the Board of Directors. The Board of Directors may alternatively direct that such proposal is submitted to a vote of the members of the corporation at a meeting of those members, which meeting may be either an annual or a special meeting. Written notice stating the purpose shall be given with the notice of the meeting.

ARTICLE IX—FINANCIAL MATTERS

9.1 CONTRACTS

Except as otherwise provided by these bylaws, the Board of Directors may authorize any officer or officers, agent or agents of the Corporation to enter into any contract or execute and deliver any instrument in its name on behalf of the Corporation, and such authority may be general or confined to specific instances.

9.2 DEPOSITS

All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such bank or banks as the Board of Directors may select.

9.3 CHECKS, DRAFTS ETC.

All checks, drafts, or other orders for the payment of money, and all notes, bonds or other evidence of indebtedness issued in the name of the Corporation shall be authorized by such officer or officers, agent or agents, employee or employees, of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

9.4 FISCAL YEAR

The fiscal year of the Corporation shall begin at 12:00 A.M. the first day of January of each year and shall end at 11:59 P.M. on the 31st day of December of the same year.

ARTICLE X—SEAL

The Board of Directors shall provide a suitable seal containing the name of the Corporation and the words "Incorporated, Arizona, 1975".

ARTICLE XI—INDEMNIFICATION

11.1 INDEMNIFICATION

Notwithstanding the following provisions of the bylaws, it is the intent of this Corporation to indemnify the members, directors, officers, employees, and agents of the Corporation to the fullest extent allowed by the law.

11.2 INDEMNIFICATION AND ACTIONS BY THIRD PARTIES

The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative, other than an action by or in the right of the Corporation, by reason of the fact that he or she is or was a member, director, officer or employee of the Corporation or is or was serving at the request of the Corporation as a member, director, officer or employee of another corporation, partnership, joint venture, trust or another enterprise, against expenses, including attorney fees, and against judgments, fines and amount paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding if he or she acted, or failed to act, in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal conduct was lawful.

The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere, or its equivalent, shall not of itself create a presumption that the person acted or failed to act other than in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interest of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe his or her conduct was lawful.

11.3 INDEMNIFICATION IN ACTION BY OR IN THE RIGHT OF THE CORPORATION

The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he or she is or was a member, director, officer or employee of the Corporation or is or was serving at the request of the Corporation as member, director, officer or employee of another corporation, partnership, joint venture, trust or another enterprise against expenses, including attorney fees, and excluding judgments and fines and, except as hereinafter set forth, amounts paid in settlement, actually and reasonably incurred by him or her in connection with the defense or settlement of such action or suit, if he or she acted, or failed to act, in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation except that no indemnification may be made in respect of any claim, issue or matter as to which that person shall have been adjudged to be liable for negligence or misconduct in the performance of his or her duty to the Corporation unless and only to the extent that the court in such action or suit was brought shall determine upon application that, despite the adjudication of liability and in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

The court in which any such action or suit was brought may determine upon application that, in view of all the circumstances of the case, indemnity of the amount so paid in settlement is proper and may order indemnity of the amount so paid in settlement and for the expenses, including attorney fees, actually and reasonably paid in connection with such application, to the extent the court deems proper.

11.4 INDEMNIFICATION AGAINST EXPENSES

To the extent that a member, director, officer or employee of the Corporation has been successful in the merits or otherwise in defense of any action, suit or proceeding referred to in 11.1 or 11.2 of this Article of the bylaws, or in defense of any claim, issue or matter therein, he or she shall be indemnified against expenses, including attorney fees, actually and reasonably incurred by him or her in connection therewith.

11.5 REQUIRED DETERMINATION

Any indemnification under 11.1 or 11.2 of this Article of these bylaws, unless ordered by a court, shall be made by the Corporation only as authorized in a specific case upon a determination that indemnification of a member, director, officer or employee is proper in the circumstance because he or she has met the applicable standard of conduct set forth in 11.1 or 11.2 of this Article of these bylaws. Such determination shall be made by any of the following:

1. By the Board of Directors by a majority vote of a quorum consisting of Directors who are not parties to the action, suit or proceeding.
2. In a written opinion of independent legal counsel appointed by a majority of the disinterested Directors for that purpose (which independent legal counsel may be counsel to the Corporation) if such quorum is not obtainable.

3. By the court or another body before which the action, suit or proceeding was brought or any court of competent jurisdiction upon the approval of an application by any person seeking indemnification, in which case the indemnification may include the expenses, including attorney fees, actually and reasonably paid in connection with such application, if there are no disinterested Directors.

11.6 ADVANCE OF EXPENSES

Expenses, including attorney fees, incurred in defending a civil or criminal action, suit or proceeding, may be paid by the Corporation in advance of the final disposition of the action, suit or proceedings as authorized in the manner provided in 11.5 of this Article of these bylaws upon receipt of an undertaking by or on behalf of the member, director, officer or employee to repay the amount unless it is ultimately determined that he or she is entitled to be indemnified by the Corporation as authorized in this Article of the bylaws.

11.7 OTHER INDEMNIFICATION

The indemnification provided in this Article of these bylaws is non-exclusive of any other rights to which those indemnified may be entitled under any bylaw, agreement, vote of disinterested Directors or otherwise, both as to action in his or her official capacity as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a member, director, officer or employee and shall inure to the benefit of the heirs and personal representatives of such a person.

11.8 INSURANCE

The Corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a member, director, officer or employee of the Corporation, or is or was serving at the request of the Corporation as a member, director, officer or employee of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her in such capacity or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify him or her against such liability under this Article of these bylaws.

ARTICLE XII—MISCELLANEOUS

12.1 RULES AND REGULATIONS

The Board of Directors shall have the power to make and adopt such rules and regulations, not inconsistent with law, the Articles of Incorporation, or these bylaws, as it may deem advisable for the management of the business and affairs of the Corporation.

12.2 ACCOUNTING SYSTEM AND REPORTS

The Board of Directors shall cause to be established and maintain a complete accounting system which, among other things, and subject to applicable laws, rules and regulations of any regulatory body, shall conform to such accounting system requirements as is normally prescribed for the operation of a public service corporation serving water to customers. The Board of Directors shall, after the close of each fiscal year, cause to be made a full and complete audit of the accounts, books, and financial condition of the Corporation as of the end of such fiscal year; such audit reports shall be submitted to the members at the next following annual meeting of the members.

12.3 COMMITTEES

The Board of Directors, by a resolution or resolutions adopted by a majority of the Board of Directors, may appoint an Executive Committee and such other committees as it may deem appropriate. Each committee shall have a charter approved by the Board of Directors that will define the scope of the committee powers, the scope of committee work, the membership composition, and the term of the committee.

12.4 WRITTEN NOTICE

Whenever written notice is required by these bylaws, same may be accomplished by personal service, mail, private courier, fax, or electronic transmission.

ARTICLE XIII—CAPITAL CONTRIBUTIONS

The Board of Directors may adopt a plan for the Corporation to acquire capital from members or prospective members of the Corporation and may establish a plan to provide for capital credits upon such terms and conditions subject to the extent permitted under the law.

ARTICLE XIV—DISSOLUTION OF THE CORPORATION

In the event the corporation is faced with dissolution, assets of the corporation shall be distributed as allowed under the law as such may be altered or amended. The Board of Directors may adopt a resolution approving and authorizing dissolution of the corporation upon a vote of no less than 50% of the then elected members of the Board of Directors. The Board of Directors may alternatively direct that such proposal is submitted to a vote of the members of the corporation at a meeting of those members, which meeting may be either an annual or a special meeting. Written notice stating the purpose shall be given with the notice of the meeting.

ARTICLE XV—AMENDMENTS

These bylaws may be altered, amended or repealed by the Board of Directors at any regular or special meeting thereof provided notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal.

ATTEST:

SIGNED:

Richard W. Cox, Secretary

Virgil W. Davis, Chair of the Board of Directors

Bylaws Adopted by the Board of Directors: November 22, 1975

Bylaws Amended by the Board of Directors:

January 3, 1976	Article IV
August 20, 1977	Article II & III
December 17, 1977	Article IV
February 19, 1979	Article IV
September 16, 1981	Article VIII
April 25, 1988	Article IV, V, VI, VII, XI & XII
February 24, 1997	Article II, V, VI, VII, & XI
March 24, 1997	Article VII
September 28, 1998	Article IV, VII
August 13, 2001	Article IV
February 25, 2010, Resolution 10-01	
Grammar/Formatting	Article I, III, VI, X, XII, XV
Substance Change	Article II, IV, V, VII, XIV
September 26, 2017, Resolution 17-08	
Disposals & Dissolution	Article VIII & XIV
January 1, 2018, Resolution 18-21	
Recognition of Member Classes	Article II
Remove limit to B members	Article II
Allow for 5+ Board of Directors Members	Article V
Allow Electronic Notice	Article VII
Recognizes Committee charter as guide	Article XII
Grammar/Formatting	Throughout