



IREDELL WATER CORPORATION

571 Jennings Road,  
Statesville, North Carolina, 28625

# Amended Corporation Bylaws

03/19/2024

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## 1. GENERAL PROVISIONS

- 1.1. The Iredell Water Corporation, hereinafter "Corporation", is a Nonprofit Corporation chartered in North Carolina. The Corporation shall be governed by a Board of Directors selected by the Members. The Board of Directions shall have the power to take all actions and do all things on behalf of the Corporation allowed by Law, specifically including but not limited to, those powers granted to Nonprofit Corporations pursuant to Chapter 55A of the North Carolina General Statutes. As such these Bylaws are subject to Law and the Articles of Incorporation of the Corporation. If, and to the extent that, a Bylaw conflicts with Law or the Articles, then the Law or Articles control. "Law" includes applicable local, state, and federal constitutions, statutes, ordinances, regulations, holdings, rulings, orders, and similar documents or actions, whether legislative, executive, or judicial; and legally binding contracts enforceable by or against the Corporation.
- 1.2. The Corporation will install, maintain, and operate a main distribution pipeline or lines from the source of the water supply and service lines and related appurtenances from the main distribution pipeline or lines to the water meter location, as determined by the Corporation or obtained easement 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 water meter location, as determined by the Corporation, 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 the use of such cutoff valve. However, the provisions of this section shall not be construed to require the acquisition or installation of meters or cutoff valves where the Board of Directors determine under the circumstances of the system and the nature of the Membership that the use of either or both devices is impractical, or unnecessary to protect the system and the rights of the Membership, and/or economically not feasible.
- 1.3. 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 will operate in accordance with the Water Conservation Policy and Emergency Action Plan ("EAP") and 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 must first satisfy all of the reasonable needs of the Members for domestic purposes before supplying any water for livestock purposes and must 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 and livestock 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.

2. SEAL

- 2.1. The seal of the Iredell Water Corporation (Corporation) shall have inscribed thereon the name of the Corporation and the year of its organization.
- 2.2. The General Manager of the Corporation shall maintain custody of the seal.

3. LOCATION

- 3.1. The principal office of the Corporation shall be at 571 Jennings Road, Statesville, North Carolina, 28625.
- 3.2. The Corporation may also have offices located in such other places as the Corporation may from time to time designate as convenient to meet the purposes and obligations of the Corporation.

4. QUALIFICATIONS FOR AND OBLIGATIONS OF MEMBERSHIP

4.1. Key Membership Definitions.

- 4.1.1. An "Entity" includes a domestic or foreign cooperative; business or nonprofit Corporation; sole proprietorship; unincorporated association; limited liability company; partnership; trust; estate; and local, regional, state, federal, or national government, including an agency or division of a government.
- 4.1.2. 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.
  - 4.1.2.1. 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.
  - 4.1.2.2. Before Membership is allowed to one or more persons claiming such interest, the Membership applicant must present a documented lease, rental or other valid agreement that outlines their temporary interest in a property.
- 4.1.3. An Account "In Good Standing" shall mean one that the Member's account is current (not more than thirty days late) in payments, fees or assessments due to the Corporation, and no pending legal matters against the Corporation.

4.2. Membership Qualifications. Except as otherwise provided in these Bylaws, a person or an Entity may become and remain a Member of the Corporation only if the person or Entity:

- 4.2.1. has the capacity to enter legally binding contracts; and
- 4.2.2. is a record owner of a fee or undivided fee interest, or having a documented Substantial Possessory Interest, in a property served by the Corporation; and
- 4.2.3. consumes, receives, purchases, or otherwise uses water produced, distributed, sold, supplied, furnished, or otherwise provided by the Corporation; and
- 4.2.4. has completed and signed such applications and agreements for the purchase of water as may be provided and required by the Corporation; and

- 4.2.5. has completed payment of such deposits and/or fees as may be imposed by the Corporation; and
  - 4.2.6. has an active account In Good Standing.
- 4.3. Membership Denial. Membership may be denied if:
- 4.3.1. the capacity of the Corporation's water system is exhausted by the need of its existing Members; or
  - 4.3.2. the proposed use of the applicant is such that it would interfere with existing uses previously authorized by the Board of Directors; or
  - 4.3.3. the applicant does not meet the requirements of section 4 hereinabove; or
  - 4.3.4. it involves excessive cost, affects the supply of service to other customers or for other good and sufficient reasons, in which case, any fees, or deposits previously paid will be refunded; or
  - 4.3.5. any application for service when the applicant is delinquent in payment of bills incurred for water service previously supplied at any location. Provided that the owner of the premises has been served water and has not paid for the same, the Corporation shall not be required to render services to anyone at said location where the water was used until such water bill and associated fees and penalties has been paid in full.
  - 4.3.6. a property owner's account is not in good standing and a tenant applies for service. A property owner's account must be paid in full and brought to a status of In Good Standing before anyone else will be allowed service at the location.
- 4.4. Types and Number of Memberships
- 4.4.1. There shall be three types of Memberships: Residential, Industrial/Commercial and Governmental/Non-Profit Agency. Only one Membership at a time may be held for each property served.
  - 4.4.2. A single Membership may be issued to all Persons or Entities:
    - owning or having a Substantial Possessory Interest in the property; or
    - owning or having Substantial Possessory Interest in multiple properties; or
    - regardless of the number of service connections at the property.
  - 4.4.3. Each Member of this Corporation, regardless of type of Membership held, number of connections per location, number of Persons with interest in the property, or number of properties held shall be entitled to one vote only at meetings of the Members.
  - 4.4.4. Any Member may own more than one Membership, in one or more types of Membership, in this Corporation, but such multiple ownership does not give said Member any greater interest in the Corporation than a Member owning one Membership, nor does it give them more than one vote.
- 4.5. Memberships and Water User's Agreements
- 4.5.1. Membership in the Corporation shall be represented by way of execution of a Water User's Agreement. This Corporation shall not have capital stock.

- 4.5.2. The Membership shall be issued to each holder of a fully paid Membership and shall be numbered consecutively, in accordance with the order of issue. Each Water User Agreement shall bear on its face the following statement: The Membership 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 Iredell Water Corporation.
  - 4.5.3. Such Memberships 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.
  - 4.5.4. The Board of Directors shall cause to be issued appropriate Memberships, provided that Membership shall not be denied because of the applicant's race, color, creed, sex, age, marital status, or national origin.
  - 4.5.5. The Membership ledger shall be managed under the direction of the General Manager and directly by his/her staff. The Membership ledger may be maintained through the Corporation's normal billing system and course of business operations and will not be maintained as a separate set of records.
- 4.6. Membership Termination
- 4.6.1. Membership in the Corporation shall lapse and cease upon the transfer of record of the legal title to or documented possessory interest in a Member's parcel or parcels, evidenced by a duly executed agreement in contract or writing. Membership shall terminate upon the disposition or other termination of the Member's interest in the property.
  - 4.6.2. Membership may be terminated by action of the General Manager and/or 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.
  - 4.6.3. Membership may be terminated by action of the Board of Directors where the Member's account is not In Good Standing.
  - 4.6.4. The termination of the Membership of any Member shall not disqualify for Membership any other person or Entity who has or obtains an interest in the property of the terminated Member and who otherwise meets the requirements of these Bylaws.
  - 4.6.5. 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 Corporation. Upon the final

disposition of such property rights, the subsequent owner thereof shall be entitled to Membership subject to Section 4 herein.

#### 4.7. Member Voting Rights

- 4.7.1. Each Membership shall represent one vote. When more than one person or Entity holds interest in a property served, the vote shall be exercised by the person in whose name the Membership is registered or by such persons as the several persons or Entity may designate, but in no event shall more than one vote be cast with respect to any Membership, account, or connection.
- 4.7.2. In the event that one person or Entity or more than one person or Entity holds interest in multiple properties, said person or Entity shall represent only one vote. In no event shall more than one vote be cast with respect to ownership in multiple properties where the owners are the same.
- 4.7.3. A Member's account must be In Good Standing in order to vote.

#### 4.8. Duties and Obligations

- 4.8.1. Each Member will be required, at the Member's expense, to have dug a ditch for the connection of the service line or lines from the water meter location, as determined by the Corporation, of the Member to Member's dwelling or other portion of the Member's premises, and to purchase and have installed the portion of the service line or lines from the Member's water meter location, as determined by the Corporation, to the place of use on the Member's premises. The Member will maintain of such service line or lines which shall be owned by the Member, at the Member's own expense. 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.
- 4.8.2. Each Member may be permitted to have additional service lines from the Corporation's water system in the discretion of the Board of Directors upon proper application therefore and the tender or 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. Each service line shall connect with the Corporation's water system at the nearest available place 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.
- 4.8.3. 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 desire, subject, however, to the

provisions of these Bylaws and to such rules and regulations as may be prescribed by the Board of Directors. Each Member shall be entitled to have delivered, through the Member's service lines, only such water as may be necessary to supply the needs of each Member, including the Member's family, business, agricultural or industrial requirements. The water delivered through each service line may be metered separately, irrespective of the number of service lines owned by a Member.

4.8.4. A Member, to be entitled to the delivery of water, shall pay such charges to 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.

4.8.4.1. Nonpayment by 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.

4.8.4.2. Nonpayment after 30 days of 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 and 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.

## 5. MEETINGS OF MEMBERS

5.1. Annual Meeting. The Annual Meeting of the Members of the Corporation shall be held at a place, date and time established by the Board each calendar year. The place, day, and time of the Annual Meeting may be changed to any other convenient place, day, and time in Iredell County by the Board of Directors giving notice thereof to each Member not less than ten (10) days in advance thereof.

5.2. Special Meetings. Special Meetings of the Members may be called at any time by the action of the Board of Directors and such meetings must be called whenever a petition requesting such meetings is signed by at least ten percent of the Members and presented to the Board of Directors. The purpose of every Special Meeting shall be stated in the notice thereof, and no business shall be transacted at the meeting except such as is specified in the notice.

5.3. Notice of Meetings. Notice of meetings of Members of the Corporation, Annual and Special, shall be given by notice mailed by first-class mail and/or by electronic means if available, to each Member of record, directed to the mailing address or email 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, or Special Meeting shall affect any proceedings taken thereat.

- 5.4. Quorum. A quorum shall consist of whatever number of the Members In Good Standing of record, represented in person, are present at the meeting of the Corporation. The vote of the majority of the Members in Good Standing present at a meeting shall be the act of the Members.
- 5.5. Voting List. The General Manager, who has charge of the list of Members In Good Standing, shall prepare and make available said list in accordance with the North Carolina General Statutes 55A-7-20. Such list shall be produced and kept available at the times and places required by Law.
- 5.6. Proxy. No voting by proxy shall be allowed.
- 5.7. Order of Business. The order of business at the Annual Meeting and so far as possible at all other meetings shall be:
- Calling to order and proof of quorum
  - Proof of notice of meeting
  - Reading and action on any unapproved minutes
  - Reports of officers and committees
  - Election of Directors (Annual Meeting only)
  - Unfinished business
  - New business
  - Adjournment
  - Closed Session (As Needed)
- 5.8. Minutes of Annual, Regular and Special Meetings.
- 5.8.1. Shall be kept in writing and documented in accordance with the Board of Director's direction.
- 5.8.2. Shall be reviewed and signed by the General Manager of the Corporation and the Secretary-Treasurer.
- 5.8.3. Shall be made available for the Members to review at the Corporation's place of business within ten working days after approval.
- 5.8.4. Shall be presented for review and approval at the next meeting.
- 5.9. Roberts Rules. The rules contained in the current edition of Robert's Rules of Order Newly Revised shall govern the Corporation in all cases to which they are applicable and in which they are not inconsistent with these Bylaws and any Special rules of order the Corporation may adopt.
- 5.10. Voting by Ballot. If a situation arises where a ballot will be used for voting purposes at an Annual or Special Meeting, ballots will be administered by Corporation employees or the Board of Directors.
- 5.11. New Business. If a Member brings new business to the attention of the Membership at an Annual or Special Meeting, the Board of Directors will take the new business under advisement and determine how the new business should be handled at



a subsequent meeting. Votes shall not be called on new business in the meeting in which the new business was brought to the attention of the Membership.

## 6. DIRECTORS AND OFFICERS

6.1. General Powers. In accordance with the Articles of Incorporation, the business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors or by such committees as the Board of Directors may establish pursuant to these Bylaws, except as otherwise provided by Law or by the Articles of Incorporation.

6.2. Number of Directors. The Board of Directors shall be composed of nine (9) persons.

6.3. Nomination. All Directors shall be elected by the Members in Good Standing. Nominations may come from the Nominating Committee Nomination or a Member Petition Nomination. Background checks will be performed by the Corporation for all applicants or nominees.

6.3.1. Each year the Board shall appoint a Nominating Committee consisting of one Board member from each district whose term will not expire in the next 12-month period.

6.3.1.1. 60 days prior to the annual members meeting, the Nominating Committee shall nominate at least one individual to run for election for each Director position that shall expire. ("Nominating Committee Nominations.")

6.3.1.2. The Corporation shall display the Nominating Committee Nominations at the Corporation's principal office on the next business day following the meeting of the Nominating Committee.

6.3.1.3. If, before the scheduled election, a Nominating Committee Nominee dies, becomes incapacitated, or ceases to be qualified to be a Director, then the Nominating Committee may nominate another individual. As determined by the Board, the Corporation may reasonably compensate or reimburse Nominating Committee members.

6.3.1.4. Any Member in Good Standing wishing to be nominated by the Nominating Committee may submit an application at any time through-out the year.

6.3.2. In addition to Nominating Committee Nominations, Members in Good Standing may nominate, through petition, individuals to run for election for a Director position scheduled for election by Members at the Member Meeting ("Member Petition Nominations").

6.3.2.1. Members in Good Standing make Member Petition Nominations by delivering to the Corporation 60 days before the Membership Meeting, in writing, for each Member Petition Nomination ("Member Petition"):

6.3.2.1.1. listing, on each page of the Member Petition, the name of the Member Petition Nominee;

6.3.2.1.2. indicating, on each page of the Member Petition, the District for which the Member Petition Nominee will run; and

6.3.2.1.3. containing the printed names, addresses, and telephone numbers, and original dated signatures signed within 60 days of the first signature,

of at least 50 Unique Membership holders from the district the Nominee is applying to represent.

- 6.3.2.2. The petition should also be accompanied by an application from the Nominee to serve on the Board of Directors.
- 6.3.2.3. After verifying that a Member Petition complies with this Bylaw and background checks are completed, the Corporation shall display the Member Petition Nomination in approximately the same location as the Nominating Committee Nominations.
- 6.3.2.4. Members may not nominate at, or from the floor of, a Member Meeting an individual to run for election to a Director position scheduled for election at the Member Meeting.

- 6.3.3. Not less than 10 days before a Member Meeting at which Members are scheduled to elect Directors, the Corporation shall notify Members of the:
  - 6.3.3.1. director positions scheduled for election by Members;
  - 6.3.3.2. names and corresponding Director positions of all Nominating Committee Nominations; and
  - 6.3.3.3. names and corresponding Director positions of all Member Petition Nominations.

6.4. Qualifications. All Directors shall:

- 6.4.1. Be Members in Good Standing of the Corporation.
- 6.4.2. Be owners of property served by the Corporation.
- 6.4.3. Pass (no criminal misconduct or felony convictions or pending felony charges) a background check performed by the Corporation.
- 6.4.4. Not be a spouse or relative of any other Board of Directors Member or Officer.
- 6.4.5. Not be an employee of the Corporation in the past three (3) years.

6.5. Selection of Directors. All Members in Good Standing and present at the Annual Meeting of the Members shall be entitled to cast one (1) vote for each Directorship to be filed. There shall be no cumulative voting. The Directorships for which elections are held shall be filled by that number of candidates receiving the most votes.

6.6. Composition, Election, and Terms.

- 6.6.1. The Directors of this Corporation shall be elected from districts (defined by route numbers in the Corporation's billing system). Each Director shall be a residential or Entity property owner of the district which he/she is elected to represent. The geographic area of the Membership shall be divided into three (3) separate districts. Each district shall be entitled to elect three (3) Directors. The districts shall be as follows:
  - Cool Springs and Wayside (Route Numbers = 20, 21, 40)
  - Fairview and Scotts Creek (Route Numbers = 30, 31, 32)
  - Harmony and Union Grove (Route Numbers = 10, 11)

A Director from each district can be any type of Member in the Corporation, but at no time shall there be less than two Residential Directors representing each District.

- 6.6.2. At each Annual Meeting, three Director's terms will expire, one (1) from each District. The Members shall elect at each Annual Meeting, 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 elected and until a successor shall have been elected and qualified.
- 6.6.3. No Director shall serve more than five (5) consecutive terms; With the exception of the current Board of Directors that hold office at the time that these Bylaws were revised.
- 6.7. Resignation. Any Director may resign at any time by giving written notice to the General Manager, the President or the Secretary-Treasurer. Any such resignation shall take effect at the date of receipt of such notice or at any later date specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.
- 6.8. Removal. Officers and Directors may be removed from office, with or without cause at any time, by the Membership in the following manner:
  - 6.8.1. 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 must be accompanied by a petition signed by ten percent of the Members of the Corporation.
  - 6.8.2. Such removal shall be voted on at the next Regular or Special Meeting of the Members in Good Standing and shall be effective if approved by a vote of a majority of those voting.
  - 6.8.3. The Director or officer against whom 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 shall have the same opportunity.
  - 6.8.4. 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 Board 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.
  - 6.8.5. Any officer or Director may be removed from office for cause by action of a majority vote by the Board of Directors. Cause shall be:
    - Failure to perform the duties of the position;
    - Habitual failure to attend meetings, defined as three (3) or more consecutive and/or unexplained meetings in one fiscal year;

- Misappropriation of Corporation funds or assets;
- Conviction of a felony;
- Disparaging the Corporation or bringing into disrepute;
- Obstructing the corporate purposes;
- Ceasing to be a property owner in a property served by the Corporation;
- Failure to maintain a status of Member in Good Standing.

6.8.6. Upon removal at a duly called meeting a replacement Director(s) may be elected at the same meeting

6.9. Attendance. If any Director misses three (3) or more consecutive and/or unexplained Corporation meetings within a calendar year, the Corporation, shall send a notice to the Board of Directors notifying it of the excessive absences and the Board President shall be responsible for bringing the matter before the Board of Directors for discussion on being removed from his or her duties or office. If the Director is removed, a new Director shall be appointed by the Board.

6.10. Vacancy. 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, shall by a majority vote, choose a successor who shall hold office for the unexpired term or terms.

6.11. Compensation.

6.11.1. A Director is not an employee of the Corporation.

6.11.2. The Board of Directors may propose a suggested compensation rate for their faithful service to the Corporation's Membership. If compensation or other benefits for service are desired by the Board of Directors, the Board must propose a recommended rate of compensation or any other Director benefits to be presented to the Membership for approval at the next Annual or Special Meeting.

6.11.3. The compensation rate and/or other benefits shall be fixed by a quorum vote of the Members in Good Standing at the Annual Meeting.

6.11.4. As approved by Membership, the Corporation may reasonably compensate or provide other benefits to Directors and pay or reimburse Directors a fixed fee for attending a:

- Annual or Special Member meetings;
- Regular or Special Board of Directors meetings;
- Regular or Special committee meetings.

6.11.5. Compensation to Directors shall be tendered monthly, and initially set at the rate of \$150.00 for each meeting attended by a Director. However, said compensation shall not exceed \$450.00 per month and an Annual maximum of \$5,400.00 for any calendar year. Additionally, a Director is entitled to having its monthly minimum account charge and first 5,000 gallons of water waived at their residence or place of business, but for only one (1) account.

- 6.11.6. A Director must be an active Director and Member in Good Standing to receive any compensation or benefits from the Corporation.
- 6.12. Election of Board of Directors Officers. The Board of Directors shall meet within ten (10) days after the Annual Meeting and election of Directors and shall elect a President and Vice-President and Secretary-Treasurer from among themselves, each of whom shall hold office until the next Annual Meeting and until the election and qualification of a successor unless sooner removed by death, resignation, or for cause.
- 6.13. Meetings of the Board of Directors.
- 6.13.1. Regular Board of Director Meetings.
- 6.13.1.1. The Board shall generally meet monthly at a date, time, and location determined by the Board ("Regular Board Meeting").
- 6.13.1.2. Except as otherwise provided in these Bylaws, the Board may hold Regular Board Meetings without notice.
- 6.13.1.3. For good cause, the President may change the date, time, or location of a Regular Board Meeting.
- 6.13.1.4. A Director not attending a Board Meeting at which the Regular Board Meeting date, time, or location is changed is entitled to receive notice of the Regular Board Meeting change at least five days before the next Regular Board Meeting.
- 6.13.1.5. All Directors are entitled to receive notice of a President's change in a Regular Board Meeting date, time, or location at least five days before the changed Regular Board Meeting.
- 6.13.2. The President, or a majority of Directors may call a Special Meeting of the Board ("Special Board Meeting") by providing each Director at least five days' prior written notice indicating the date, time, location, and purpose of the Special Board Meeting.
- 6.14. Board of Directors Meeting Minutes.
- 6.14.1. Minutes of Regular and Special Meetings.
- 6.14.1.1. Shall be kept in writing and documented in accordance with the Board of Director's direction.
- 6.14.1.2. Shall be reviewed and signed by the General Manager of the Corporation and the Secretary-Treasurer.
- 6.14.1.3. Shall be made available for the Members to review at the Corporation's place of business within ten working days after approval.
- 6.14.2. Shall be presented for review and approval at the next meeting.
- 6.15. Board of Directors Quorum.

6.15.1. A majority of the Board of Directors shall constitute a quorum at any meeting of the Board.

6.15.2. 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.

6.16. Duties of Directors: 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 in respect to the matters as hereinafter set forth to be exercised by resolution duly adopted by the Board:

6.16.1. To approve Membership applications and to cause to be issued appropriate Memberships and to permit the connection of properties to the system in the future in cases involving proposed construction or may issue such Memberships prior to the commencement of the proposed construction.

6.16.2. 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.

6.16.3. 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.

6.16.4. To prescribe, adopt and amend, from time to time such equitable uniform policies 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.

6.16.5. 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. Copies of such audits shall be submitted to such parties as may be required by other agreements.

6.16.6. To fix and alter the charges to be paid by each Member for services rendered by the Corporation to the Member, including connection or reconnection 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 connection, 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 non-discriminating within each class of users.

6.16.7. 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.

6.16.8. 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.

6.16.9. 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. 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.

6.16.10. Develop, adopt and implement operational policies and procedures that govern how the Corporation operates and transacts with its Members. These policies and procedures shall guide the employees, Officers and Directors in carrying out daily duties and responsibilities of the Corporation. These policies and procedures should be reviewed from time to time in an effort to ensure they are addressing the current needs and practices of the Corporation.

6.17. Officer Designations. The Officers of the Corporation shall be President, Vice President, and a Secretary-Treasurer, who shall be elected for one year by the Directors, and who shall hold office until their successors are elected and qualified. No two offices may be held at the same time by the same person.

6.18. Duties of Officers.

6.18.1. Duties of President. Except as otherwise provided by the Board or these Bylaws, the President shall:

6.18.1.1. preside over all meetings of the Corporation and the Board of Directors; and

6.18.1.2. call Special Meetings of the Board of Directors; and

6.18.1.3. perform all acts and duties usually performed by an executive and presiding officer; and

6.18.1.4. sign such papers of the Corporation as may be authorized or directed to sign by the Board of Directors; and

- 6.18.1.5. authorize any person to sign any or all checks, contracts, and other instruments in writing on behalf of the Corporation, as prescribed by the Board of Directors.
- 6.18.1.6. perform such other duties as may be prescribed by the Board of Directors.
- 6.18.2. Duties of the Vice-President. Except as otherwise provided by the Board of Directors or these Bylaws, the Vice-President:
  - 6.18.2.1. upon the President's death, absence, disability, refusal, or inability to act, shall perform the duties, and have the powers, 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 a successor.
  - 6.18.2.2. shall perform all other duties, shall have all other responsibilities, and may exercise all other authority, prescribed by the Board of Directors.
- 6.18.3. Duties of the Secretary-Treasurer. Except as otherwise provided by the Board of Directors or these Bylaws, the Secretary:
  - 6.18.3.1. shall be responsible for preparing, or supervising the preparation of, minutes of the Board of Directors and Member Meetings; and
  - 6.18.3.2. shall be responsible for maintaining and authenticating the Corporation's records; and
  - 6.18.3.3. may affix the Corporation's seal to a document authorized or approved by the Board of Directors or Membership; and
  - 6.18.3.4. shall attest the President's signature of papers pertaining to the Corporation unless otherwise directed by the Board of Directors; and
  - 6.18.3.5. shall serve or cause to be served, 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 the office to the Members at the Annual Meeting or at such other time or times as the Board of Directors may require; and
  - 6.18.3.6. shall sign any or all checks of the Corporation; and
  - 6.18.3.7. shall have general charge and supervision of the books and records of the Corporation; and
  - 6.18.3.8. shall make all reports as required by Law; and
  - 6.18.3.9. shall perform such duties with respect to the finances of the Corporation as may be prescribed by the Board of Directors; and



- 6.18.3.10. perform all other duties, shall have all other responsibilities, and may exercise all other authority, prescribed by the Board of Directors.
- 6.19. Committees.
- 6.19.1. The Board of Directors may establish such special and standing committees as it deems needed to assist in conducting its business which shall serve with duties as determined by the Board of Directors.
- 6.19.2. Committees will make recommendations to the Board of Directors and from time to time the Members of the Corporation and shall prepare reports on matters pertaining to assignments as directed by the Board of Directors.
- 6.19.3. Any such committees may be abolished at the discretion of the Board of Directors.
- 6.20. Minutes of Committee Meetings.
- 6.20.1. All meetings and actions of committees shall be recorded in minutes that are delivered to the Board of Directors within 30 calendar days of said meetings or actions.
- 6.21. Indemnification of Directors and Officers.
- 6.21.1. Third Party Actions: 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, suit, or proceeding, whether civil, criminal, administrative, or investigative, including all appeals (other than an action, suit or proceeding by or in the right of the Corporation) by reason of the fact that he is or was a director, officer, or employee of the Corporation, or is or was serving at the request of the Corporation as a director, trustee, officer, or employee of another Corporation partnership, joint venture, trust, or other enterprise, against expenses (including joint venture trust, or other enterprise, against expenses (including attorneys' fees), judgments, decrees, fines, penalties, and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in manner which he reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. 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 did not act in good faith and in a manner which he 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 that his conduct was unlawful.
- 6.21.2. Derivative Actions. 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, including all appeals, by or in the right the of Corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, or employee of the Corporation, or is or was serving at the request of the Corporation as a director, trustee, officer, or employee of another

Corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been finally adjudged to be liable for negligence or misconduct in the performance of his duty to the Corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all of the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as such court shall deem proper.

- 6.21.3. Rights after Successful Defense. To the extent that a director, trustee, officer or employee has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 1 or 2, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.
- 6.21.4. Other Determination of Rights. Except in a situation governed by Section 3, any indemnification under Section 1 or 2 (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director, trustee, officer, or employee is proper in the circumstances because he has met the applicable standard of conduct set forth in Section 1 or 2. Such determination shall be made (a) by a majority vote of directors acting at a meeting at which a quorum consisting of directors who were not parties to such action, suit or proceeding is present, (b) if such a quorum is not obtainable (or even if obtainable), and a majority of disinterested directors to direct, by independent legal counsel (compensated by the Corporation) in a written opinion, or (c) by the affirmative vote in person or by proxy of the holders of a majority of the shares entitled to vote in the election of directors, without regard to voting power which may thereafter exist upon a default, failure, or other contingency.
- 6.21.5. Advances of Expenses. Expenses of each person indemnified hereunder incurred in defending a civil, criminal, administrative, or investigative action, suit, or proceeding (including all appeals), or threat thereof, may be paid by the Corporation in advance of the final disposition of such action, suit, or proceeding as authorized by the Board of Directors, whether a disinterested quorum exists or not, upon receipt of an undertaking by or on behalf of the director, trustee, officer, or employee, to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Corporation.
- 6.21.6. Non-Exclusiveness; Heirs. The indemnification providing by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled as a matter of law or under the Articles, these Regulations, any agreement, vote of shareholders, any insurance purchased by the Corporation, or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has

ceased to be director, trustee, officer, or employee and shall inure to the benefit of the heirs, executors, and administrators of such a person.

6.21.7. Purchase of Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, or employee of the Corporation, or is or was serving at the request of the Corporation as a director, trustee, officers, or employee of another corporation, partnership, joint venture, trust, or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of this Article or of the North Carolina Corporation Law.

6.22. Emergency Procedures.

6.22.1. An emergency exists if a quorum of the Corporation's Board cannot readily be assembled because of the declaration of a catastrophic event or impending catastrophic event. In the case of a situation where the emergency procedures are enacted, quorum shall be the number of Directors present. These emergency procedures shall remain in effect during the emergency and upon the termination of the emergency shall cease to be operative unless and until another emergency occurs. The emergency procedures shall operate in conjunction with the Corporation's Emergency Action Plan ("EAP") of the current year, and any other emergency or disaster protocols or procedures the Corporation has in place.

6.22.2. During an emergency, the business of the Corporation shall continue to be managed in accordance with the Corporation's Bylaws, EAP and operational procedures. The functions of the Board of Directors will be carried out by those Directors in office at the time the emergency arises or by the General Manager. If no such persons are available, then the authority of the Board of Directors shall be transferred to employees of the Corporation who are available to act during the emergency.

6.22.3. During an emergency, meetings of the Board of Directors may be called by any available Director. The notice thereof shall specify the time and place of the meeting. To the extent possible, notice shall be given in accordance with these Bylaws. Notice shall be given to those Directors whom it is feasible to reach at the time of the emergency, and notice may be given at a time less than 24 hours before the meeting if deemed necessary by the person giving notice.

## 7. ADMINISTRATION

7.1. General. The Board of Directors shall employ a General Manager to conduct and perform the duties and services which may be necessary or convenient in carrying out the objectives and purposes for which this Corporation was created; define his or her duties and function; set his or her terms of employment, compensation, fringe benefits, separation from service, and other pertinent details.

7.2. General Manager. The General Manager shall be the Corporation's Chief Administrative Officer. Such General Manager shall be responsible for the efficient

administration and carrying out of the operations of the Corporation, and shall carry out the policies and directives of the Corporation. The General Manager shall attend all official meetings of the Corporation, and all Committee Meetings when requested, shall be entitled to notice of all Special Meetings, and shall be entitled to take part in discussions of matters before the Corporation, but shall have no vote. The General Manager has responsibility for obtaining and furnishing to the Corporation financial and other reports as may be required by the Corporation, and he or she shall deem necessary or advisable, and shall furnish the Corporation with necessary information respecting any of the departments or divisions of the Corporation under his or her direction and control. The General Manager shall be responsible for the preparation and submission to the Corporation the proposed Annual budget, and shall keep the Corporation informed as to the financial needs and condition of the Corporation. The General Manager shall make recommendations to the Corporation for adoption of such resolutions, ordinances, rules, regulations, policies, procedures, guidelines, and any other measures that he or she shall deem necessary or advisable for the efficient and proper administration of the operations of the Corporation. The General Manager shall be accountable to the Corporation for the implementation and execution of resolutions, ordinances, rules, regulations, policies, procedures, guidelines, and directives approved or adopted by the Corporation. The General Manager may employ such personnel as may be required to conduct and perform the duties and services which may be necessary or convenient in carrying out the objectives and purposes for which this Corporation was created; define their duties and function; set their terms of employment, compensation, fringe benefits, separation from service, and other pertinent details. He or she shall perform such other duties as may be required by the Corporation.

- 7.3. Assistant Manager. To assist the General Manager in any and all efforts to serve the Members of the Corporation and to carry of the duties of the General Manager in the case of his or her absence. He or she shall perform such other duties as may be assigned or required by the Corporation.
- 7.4. Book Keeper: The Book Keeper shall record all financial transactions, including purchases, sales, receipts, and payments. Shall post information to accounting journals/software and reconcile accounts to ensure their accuracy. Record day to day financial transactions and complete the posting process. Verify that transactions are recorded in the correct book and/or ledger. Bring the books to the trial balance stage. Perform partial checks of the posting process. Complete tax forms. Maintain accuracy with the record of accounts. Enter data, maintain records, reports and financial statements. Process accounts receivable/payable and handle payroll in a timely manner. He or she shall perform such other duties as may be required by the Corporation.
- 7.5. Corporate Attorney. The Corporate Attorney is responsible for serving as in-house counsel to handle all complex legal matters and projects. The Corporate Attorney will ensure the legality of the Corporation's transactions, policies and proceedings and advise the Corporation on legal rights and duties. The Corporate Attorney shall be selected by the General Manager and Board of Directors.

## 8. FINANCES

### 8.1. Fiscal Year

8.1.1. The Board of Directors may determine and modify the Corporation's fiscal year.

8.1.2. Except as otherwise provided by the Board of Directors, the Corporation's fiscal year is the calendar year.

8.2. Monthly Financial Statements. A monthly statement of Net Assets (balance sheet), Statement of Revenues, Expenses, Income Statement, Statement of Revenues and Expenditures, and comparison of budget vs. actual shall be submitted to the Board of Directors at each Regular Meeting. The Board of Directors may require other financial reports on a monthly, quarterly, or other basis and may direct that reports contain information in such detail as it deems appropriate.

8.3. Handling of Surplus Funds. The Corporation will from time to time allocate any surplus funds to:

8.3.1. an operational reserve account; and/or

8.3.2. a capital reserve account; and/or

8.3.3. the purpose of retiring debt; and/or

8.3.4. such other accounts as may be created by the Board.

As a practice the Corporation shall set aside surplus funds to reinvest into the Corporation or to support emergency operational expenses in lieu of distributing surplus funds.

## 9. STANDARDS OF CONDUCT

9.1. General. In addition to complying with the requirements of North Carolina Law, the following standards of conduct shall apply to all Directors, Officers, and employees.

9.2. Conflict of Interest. No Director, Officer or employee of the Corporation shall have any personal or pecuniary interest direct or indirect in any contract or proposed contract or purchase order for materials, services, equipment, or property of any kind to be furnished to or used by the Corporation. If any such Director, Officer, or employee owns or controls an interest direct or indirect in any such materials, services, equipment, or property included or proposed to be furnished to or acquired by the Corporation, he or she shall immediately disclose the same in writing, according to the Corporation's Conflict of Interest Policy, to the Corporation and such disclosure shall be entered upon the Minutes of the Corporation. Failure to so disclose such interest shall constitute misconduct in office or in employment.

9.3. Confidential Information. No Director, Officer or employee of the Corporation shall use or disclose confidential information concerning a property, a Member, or affairs of the Corporation for the purpose of advancing the financial or other private interest of him or herself or others or in a manner that would adversely affect others.

- 9.4. Gifts and Favors. No Director, Officer or employee of the Corporation shall accept gifts, favors or anything of more than a nominal value, in accordance with the Corporation's Gift Policy and Disclosure Statement, whether in the form of a service, loan, entertainment, material thing or promise, from any person or Entity who to his or her knowledge is interested in directly or indirectly in any manner whatsoever in business dealings with the Corporation. No Director, Officer or employee shall accept from any person or Entity any gifts, favors or anything of value that may tend to influence him or her in the discharge of his or her duties or tend to influence him or her in granting any improper service, favor, or thing of value. If it is impossible for inappropriate to refuse a gift, then it shall be turned over to any appropriate public or charitable institution.
- 9.5. Appearance and Intervention on Behalf of Others. No Director, Officer or employee shall appear before the Corporation or any of its committees, or intervene, on behalf of private interests in any matter that is or will be in conflict with his or her duties as a Director, Officer or employee. No Director, Officer or employee shall seek to influence a decision, participate in any action, or cast a vote involving any matter that is likely to result in a personal and/or financial gain for themselves or any other person or Entity.
- 9.6. Application of Provisions. In applying the provisions set forth in all sections of Article 9 hereinabove, the following procedures shall govern:
- 9.6.1. A Director, Officer or employee who determines there is a conflict shall declare to the Corporation the existence of the conflict and its nature and shall request to be excused from the matter by the Corporation. The Corporation shall vote on whether any conflict exists and to excuse the Director, Officer, or employee from voting.
- 9.6.2. A Director, Officer or employee who believes that a conflict may exist on his/her part or on the part of any other Director, Officer or employee shall declare the possible conflict and its nature, and ask for determination by the Corporation. The Corporation shall determine whether any conflict exists and to excuse the Director, Officer, or employee.
- 9.6.3. If a Director, Officer, or employee who has a conflict will not voluntarily seek to be excused by the Corporation, the Corporation shall make a determination as to whether a conflict exists and excuse the Director, Officer or employee.

## 10. AMENDMENTS

- 10.1. Except as otherwise provided in these Bylaws, these Bylaws may be adopted, amended, or repealed ("Amended") by the vote of a majority of Directors at a Regular or Special Board of Directors Meeting.
- 10.2. Except as otherwise provided in a Bylaw Amendment, the Amendment is effective immediately after the vote approving the Amendment. The Corporation must notify Members of Amended Bylaws.
- 10.2.1. Notice of a meeting at which Directors will consider a proposed Bylaw Amendment must:

- 10.2.1.1. State that the purpose, or one of the purposes, of the Board Meeting is to consider the proposed Bylaw Amendment; and
- 10.2.1.2. contain, or be accompanied by, a copy or summary of the proposed Bylaw Amendment.