

AMENDED AND RESTATED BYLAWS  
OF  
BLUE RIDGE RURAL WATER COMPANY, INC.

ARTICLE 1

OFFICES AND REGISTERED AGENT

**Section 1.1 Principal Office.** The Corporation shall maintain its Principal Office at 2241 Few's Bridge Road, Greer, SC, in Greenville County, State of South Carolina.

**Section 1.2 Registered Office.** The Corporation shall maintain a Registered Office at a location in the State of South Carolina designated by the Board of Directors from time to time. In the absence of a contrary designation by the Board of Directors, the Registered Office of the Corporation shall be located at its Principal Office.

**Section 1.3 Other Offices.** The Corporation may have such other offices within and without the State of South Carolina as the business of the Corporation may require from time to time. The authority to establish or close such other offices may be delegated by the Board of Directors to one or more of the Corporation's Officers.

**Section 1.4 Registered Agent.** The Corporation shall maintain a Registered Agent who shall have a business office at the Corporation's Registered Office. The Registered Agent shall be designated by the Board of Directors from time to time to serve at its pleasure. In the absence of such designation the Registered Agent shall be the Corporation's General Manager.

**Section 1.5 Filings.** In the absence of directions from the Board of Directors to the contrary, the Secretary of the Corporation shall cause the Corporation to maintain currently all filings in respect of the Registered Office and Registered Agent with all governmental officials as required by the Act or otherwise by law.

ARTICLE 2

MEMBERS

**Section 2.1 Membership Qualification.** To qualify as a Member of the Corporation a person, corporation, partnership or LLC shall (i) be eighteen (18) years of age or older, (ii) sign a Water Users Agreement as provided by the Corporation, (iii) furnish the

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Corporation the social security number or EIN of the proposed member (as permitted by law), (iv) pay the Membership fee as set from time to time by the Board of Directors, and (v) pay for a Required Service Connection for at least one meter. Membership shall be evidenced by a Certificate of Membership issued to a member by the Corporation.

**Section 2.2 Annual Meetings.** An annual meeting of the Corporation's Members shall be held once each calendar year for the purpose of electing Directors and for the transaction of such other business as may properly come before the meeting. The annual meeting shall be held at the time and place designated by the Board of Directors from time to time. In the absence of any such designation, the annual meeting shall be held at the hour of seven o'clock in the evening on the second Tuesday of the third month following the Corporation's fiscal year-end; but if that day shall be a legal holiday, then such annual meeting shall be held on the next succeeding business day.

**Section 2.3 Special Meetings.** Special meetings of the Corporation's Members may be called for any one or more lawful purposes by any three Directors, the Chairperson of the Board of Directors, a majority of the Board of Directors, or the written request describing the purpose for which the meeting is to be held filed by holders of record of not less than twenty percent of the Corporation's outstanding membership certificates entitled to be cast on any issue to be considered at the proposed special meeting. Special meetings of the Members shall be held at the Corporation's Registered Office at the time designated in the notice of the meeting in accordance with Section 2.3; provided, however, that such meetings called by a majority of the Board of Directors may be held at such places as the Board of Directors may determine.

**Section 2.4 Notice of Meetings, Waiver or Notice.** Written or printed notice of all meetings of Members shall be delivered not less than ten nor more than sixty days before the meeting date, either personally or by first class mail, to all Members of record entitled to vote at such meeting. If mailed, the notice shall be deemed to be delivered when deposited with postage thereon prepaid in the United States mail, addressed to the Member at the Member's address as it appears on the Corporation's records, or if a Member shall have filed with the Secretary of the Corporation a written request that notices to him be mailed to some other address, then directed to him at that other address. The notice shall state the date, time, and place of the meeting and, in the case of a special meeting, the purpose or purposes for which such meeting was called. At the written request, delivered personally or by first class mail, of the person or persons calling a special meeting of

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Members, the Chairperson or Secretary of the Corporation shall fix the date and time of the meeting and provide notice thereof to the Members as required above; provided, however, that the date of the meeting shall in no event be fixed less than ten or more than sixty days from the date the request was received. If the notice of the meeting is not given within fifteen days after the request is made to the Chairperson or Secretary, the person or persons calling the meeting may fix the date and time of the meeting and give or cause to be given the required notice. Notice of a meeting of Members need not be given to any Member who, in person or by proxy, signs a waiver of notice either before or after the meeting. To be effective the waiver shall contain recitals sufficient to identify beyond reasonable doubt the meeting to which it applies. Such recitals may, but need not necessarily, include reference to the date and purpose of the meeting and the business transacted thereat. Recital of the proper date of a meeting shall be conclusive identification of the meeting to which a waiver of notice applies unless the waiver contains additional recitals creating a patent ambiguity as to its proper application.

**Section 2.5 Quorum.** Except as may otherwise be required by law or the Corporation's Articles of Incorporation, at any meeting of Members the greater of the number of members present at such meeting, in person or by proxy, or the number of Directors of the Corporation shall constitute a quorum for the transaction of any business properly before the meeting.

**Section 2.6 Transaction of Business.** Business transacted at an annual meeting of Members may include all such business as may properly come before the meeting. Business transacted at a special meeting of Members shall be limited to the purposes stated in the notice of the meeting.

**Section 2.7 Members of Record.** For the purpose of determining Members entitled to vote at any meeting of Members, or in connection with any other proper purpose requiring a determination of Members, the Board of Directors shall by resolution fix a record date for such determination. The date shall be not more than sixty and not less than ten days prior to the date on which the activity requiring the determination is to occur. The Members of record appearing in books of the Corporation at the close of business on the record date so fixed shall constitute the Members of right in respect of the activity in question. In the absence of action by the Board of Directors to fix a record date, the record date shall be ten days prior to the date on which the activity requiring a determination of Members is to occur.

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**Section 2.8** Voting. Except as may otherwise be required by law or the Corporation's Articles of Incorporation, and subject to the provisions concerning Members of record contained elsewhere in these Bylaws, a person (or his proxy) present at a meeting of Members shall be entitled to one vote for each membership certificate in the Corporation.

**Section 2.9** Adjournments. A majority of the voting memberships held by Members of record present in person or by proxy at a meeting of Members may adjourn a meeting from time to time to a date, time, and place fixed by notice as provided for above or, if such date is less than thirty days from the date of adjournment, to a date, time, and place fixed by the majority and announced at the original meeting prior to adjournment.

**Section 2.10** Proxies. At all meetings of Members, a Member may vote in person or by proxy executed in writing by the Member or by his duly authorized attorney in fact. Such proxy shall be filed with the Secretary of the Corporation before or at the time of the meeting. No proxy shall be valid after eleven months from the date of its execution unless it qualifies as an irrevocable proxy under the laws applicable to the Corporation. No person, organization or entity may hold over five (5) proxies to be voted at any one meeting of Members.

**Section 2.11** Voting of Certificates by Certain Holders. Membership Certificates standing in the name of another corporation may be voted by the officer, agent or proxy as the bylaws of that corporation may prescribe, or, in the absence of such provision, as the board of directors of the other corporation may determine.

Membership Certificates held by a personal representative, guardian or conservator may be voted by him, either in person or by proxy, without a transfer of such certificates into his name. Certificates standing in the name of a trustee may be voted by him, either in person or by proxy, but no trustee shall be entitled to vote certificates held by him without a transfer of the certificates into his name.

**Section 2.12** Termination of Membership. The Board of Directors may terminate a Member's membership in the Corporation for violation of these Bylaws, and any future amendments hereto, the present or future written policies of the Corporation or for violation of the Water Users Agreement or written policies of the corporation. A Member shall automatically cease to be a member upon failure or refusal to use the services made available by the Corporation.

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**Section 2.13 Order of Business.** The order of business at the annual meeting, and so far as practicable at all other meetings of Members, shall be as follows:

1. Proof of notice of the meeting
2. Determination of a quorum
3. Reading and disposal of unapproved minutes
4. Reports of officers and committees
5. Election of directors
6. Unfinished business
7. New business
8. Adjournment

Except with respect to a specific rule to the contrary in these Bylaws or the Act, the Scott, Foresman Robert's Rules of Order, Newly Revised (latest edition) shall be used to resolve any procedural disputes that might arise in a Members' meeting.

ARTICLE 3

DIRECTORS

**Section 3.1 Authority.** The Board of Directors shall have ultimate authority over the conduct and management of the business and affairs of the Corporation. The business and financial affairs of the Corporation shall be conducted as that of a non-profit corporation operating for public purposes.

**Section 3.2 Number.** The Corporation shall have seven (7) Directors. No decrease in the number of Directors shall have the effect of shortening the term of any incumbent Director. At the expiration of a Director's term, the Director continues to serve until his successor is elected and qualifies.

**Section 3.3 Qualifications for Director.** A Director must be a member in good standing of the Corporation, a natural person, and must have attained age twenty-one (21) on or before the date of the meeting for the election of Directors.

**Section 3.4 Classification and Tenure.** The Directors are hereby divided into three classes. Each class shall consist, as nearly equal as possible, of one-third of the number of Directors then constituting the whole Board. The term of office of those of the first class shall expire at the annual meeting next ensuing. The term of office of the second class shall expire one year thereafter. The term of office of the third class shall expire two years thereafter. At each succeeding annual election, the Directors elected shall be chosen for a full term of three years to succeed

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those whose terms expire. In case of any increase in the number of Directors, the additional directorships so created may be filled in the first instance in the same manner as a vacancy in the Board of Directors. The first class shall be the present Directors whose terms expire one year from the date of the adoption of these amended bylaws. The second class shall be the present Directors whose terms expire two years from the date of the adoption of these amended bylaws. The third class shall be those Directors elected at the annual Members' meeting at which these amended bylaws are adopted. Directors shall be elected at the annual meeting of Members as provided in this Section. An increase in the number of Board members shall require a two-thirds vote of the Members present in person or by proxy at the annual meeting of Members or at a duly called special meeting of Members.

**Section 3.5 Nominating Committee.** Not later than forty-five (45) days prior to each annual meeting of the Members, the Chairperson of the Board of Directors shall appoint a nominating committee consisting of three (3) Members, two of whom shall be current Members of the Board of Directors. Such committee shall consider all available candidates for the directorships to be filled at the forthcoming annual meeting and shall submit a slate of candidates at the meeting. Such submission shall be deemed a nomination of each person named.

**Section 3.6 Nominations for Director.** Only persons who are nominated in accordance with the following procedures shall be eligible for election as Directors. Nominations of persons for election to the Board of Directors at the annual meeting may be made at the annual meeting of Members (a) by the nominating committee appointed by the Chairperson of the Board of Directors or (b) by any Member who is a Member in good standing at the time the nomination is submitted as provided in this Section. Nominations by a Member shall be made only after timely notice by the Member in writing to the Secretary of the Corporation. In order to be timely given, a Member's notice must be personally delivered to or mailed by certified mail and received at the principal office of the Corporation not less than sixty (60) days nor more than ten (10) days prior to the annual meeting of Members of the Corporation at which the nomination is to be presented. Such Member's notice to the Secretary must set forth:

(a) As to each person whom the Member proposes to nominate for election or re-election as a Director:

- (1) The name, age, business address, and residence address of the person;

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- (2) The principal occupation or employment of the person;
  - (3) A statement that the person meets the qualifications for a Director as set forth in Section 3.3 of the Bylaws;  
and
  - (4) The consent of the nominee to serve as a Director of the Corporation if so elected; and
- (b) As to the Member giving the notice:
- (1) The name and record address of the Member;
  - (2) A representation that the Member is a Member in good standing of the Corporation as of the record date of the annual meeting;
  - (3) A representation that the Member intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice;
  - (4) A description of all arrangements or undertakings between such Member and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by such Member; and
  - (5) The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as a Director. No person shall be eligible for election as a Director unless nominated in accordance with the procedures set forth in this Bylaw.

The presiding officer of the meeting may, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the foregoing procedures, and if the presiding officer should so determine, he or she shall so declare to the meeting and the defective nomination shall be disregarded.

**Section 3.7 Removal.** Any Director may be removed from office, with or without cause, by a vote of the holders of a majority of the certificates of the Corporation's voting certificates. A Director may be removed by the Board for failure to attend three (3) consecutive Board of Directors regular meetings. Any Director may be removed from office with cause by a majority vote of the Board of Directors at a meeting at which only the

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removal and replacement of the Director or Directors in question shall be considered.

**Section 3.8 Vacancies.** The Board of Directors may by majority vote of the Directors then in office, regardless of whether such Directors constitute a quorum, elect a new Director to fill a vacancy on the Board of Directors; provided, however, that no person may be elected to fill a vacancy created by his removal from office pursuant to these Bylaws. The new Director shall serve the remainder of the term of the Director whom he replaces.

**Section 3.9 Regular Meetings.** A regular meeting of the Board of Directors shall be held without notice other than this Bylaw immediately after, and at the same place as, the annual meeting of Members. The Board of Directors may by resolution provide for the holding of additional regular meetings without notice other than such resolution; provided, however, the resolution shall fix the date, time, and place (which may be anywhere within the County of the Corporation's Principal Office) for these regular meetings.

**Section 3.10 Special Meetings; Notice of Special Meetings.** Special meetings of the Board of Directors may be called for any lawful purpose or purposes by any two Directors or the Chairman of the Board of the Corporation. The person(s) calling a special meeting shall give, or cause to be given, to each Director at his residence address, notice of the date, time and place of the meeting by any normal means of communication not less than twenty-four hours prior thereto. The notices may, but need not, describe the purpose of the meeting. If mailed, the notice shall be deemed to be delivered when deposited in the United States mail at the Director's residence address, with postage thereon prepaid. If notice is given by telegram, the notice shall be deemed delivered when the telegram is delivered to the telegraph company. If notice is given by fax, the notice shall be deemed delivered on the date and at the time shown on the fax activity report. Any time or place fixed for a special meeting must permit participation in the meeting by means of telecommunications as authorized below.

**Section 3.11 Waiver of Notice of Special Meetings.** Notice of a special meeting need not be given to any Director who signs a waiver of notice either before or after the meeting. To be effective the waiver shall contain recitals sufficient to identify beyond reasonable doubt the meeting to which it applies. The recitals may, but need not necessarily, include reference to the date and purpose of the meeting and the business transacted thereat. Recital of the proper date of a meeting shall be conclusive identification of the meeting to which a waiver of



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notice applies unless the waiver contains additional recitals creating a patent ambiguity as to its proper application. The attendance of a Director at a special Directors meeting shall constitute a waiver of notice of that meeting, except where the Director attends the meeting for the sole and express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

**Section 3.12 Participation by Telecommunications.** Any Director may participate in, and be regarded as present at, any meeting of the Board of Directors by means of conference telephone or any other means of communication by which all persons participating in the meeting can hear each other at the same time.

**Section 3.13 Quorum.** A majority of Directors in office shall constitute a quorum for the transaction of business at any meeting of the Board of Directors.

**Section 3.14 Action.** The Board of Directors shall take action pursuant to resolutions adopted by the affirmative vote of a majority of the Directors participating in a meeting at which a quorum is present, or the affirmative vote of a greater number of Directors where required by the Corporation's Articles of Incorporation or otherwise by law.

**Section 3.15 Presumption of Assent.** A Director of the Corporation who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting, or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward his dissent by registered mail to the Secretary of the Corporation immediately after the adjournment of the meeting. The right to dissent shall not apply to a Director who voted in favor of such action.

**Section 3.16 Committees.** The Board of Directors may by resolution designate and delegate authority to an Executive Committee and other committees with such authority as may be permitted by the Act. Special meetings of any committee may be called at any time by any Director who is a member of the committee or by any person entitled to call a special meeting of the full Board of Directors. Except as otherwise provided in the section, the conduct of all meetings of any committee, including notice thereof, shall be governed by Sections 3.6 through 3.12 of this Article.

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**Section 3.17 Compensation.** The Board of Directors may by resolution authorize payment to all Directors of a uniform fixed sum for attendance at each meeting or a uniform stated salary as a Director. No such payment shall preclude any Director from serving the Corporation as an officer and receiving compensation therefore. The Board of Directors may also by resolution authorize the payment of reimbursement of all expenses of each Director related to the Director's attendance at meetings. No member of the Board or member of his household shall serve as a paid employee of the Corporation other than being compensated as an officer of the Board.

**Section 3.13 Order of Business.** The order of business at all meetings of the Board of Directors shall be:

1. Determination of a quorum
2. Reading and disposal of all unapproved minutes
3. Reports of officers and committees
4. Unfinished business
5. New business
6. Adjournment

Except with respect to a specific rule to the contrary in these Bylaws or the Act, Scott, Foresman Roberts Rules of Order, New Revised (latest edition) shall be used to resolve any procedural dispute that might arise in a Board of Directors' meeting.

**Section 3.19 Duties of Directors.** The Board of Directors, subject to restrictions of law, the Articles of Incorporation, or 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:

3.19.1 To pass upon the qualifications of Members and to cause appropriate Certificates of Membership to be issued;

3.19.2 To select and appoint all officers, agents and employees and removal of same for just cause, fix their compensation and pay for services, and prescribe their duties as may not be inconsistent with these Bylaws;

3.19.3 To borrow from any source money, goods or services and to make and issue notes and other negotiable and transferable instruments and to do every act necessary to effectuate the same;

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3.19.4 To prescribe, adopt and amend from time to time such equitable, uniform rules, policies, and regulations as, in their 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 breach thereof;

3.19.5 To order an annual audit of the books and accounts by a competent auditor or accountant. The report prepared by such person shall be submitted to the members at the annual meeting;

3.19.6 To fix charges to be paid, the time of payment, and manner of collection from each Member for services rendered to him;

3.19.7 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;

3.19.8 To select one or more banks or savings and loan associations 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 or savings and loan associations and the person or persons signing such checks and the form thereof at will, except that no bank or savings and loan association may be so designated unless such deposits are protected by an agency of the United States of America, such as the Federal Deposit Insurance Corporation or similar agency; and,

3.19.9 To levy assessments against the Membership Certificates of the Corporation and to enforce the collection of such assessments in the manner provided for enforcement of collection of monthly charges in these Bylaws or the policies and procedures of their Corporation, by the forfeiture of delinquent Certificates of Members failing to pay such assessments within the time prescribed for payment, provided that prior to forfeiture the Board must give the Member at least thirty (30) days written notice at the last address of the member on the books of the Corporation of its intention to forfeit the Certificate if the assessment is not paid by a specified date.

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3.19.10 To establish written policies and procedures for the implementation of the daily operations of the Corporation.

**ARTICLE 4**

**OFFICERS**

**Section 4.1** In General. The officers of the Corporation shall consist of a Chairperson, a Vice Chairperson, a Secretary and a Treasurer, a General Manager and such additional vice presidents, assistant secretaries, assistant treasurers and other officers and agents as the Board of Directors deems advisable from time to time. All officers shall be appointed by the Board of Directors to serve at its pleasure. Except as may otherwise be provided by law or in the Articles of Incorporation, any officer may be removed by the Board of Directors at any time, with or without cause. Any vacancy, however occurring, in any office may be filled by the Board of Directors for the unexpired term. One person may hold two or more offices. Each officer shall exercise the authority and perform the duties as may be set forth in these Bylaws and any additional authority and duties as the Board of Directors shall determine from time to time.

**Section 4.2** Chairperson. The Chairperson of the Board of Directors shall preside at all meetings of the Members and all meetings of the Board of Directors, and shall see that the resolutions of the Board of Directors are put into effect. The Chairperson of the Board of Directors along with the Secretary and/or Treasurer shall have full authority to execute on the Corporation's behalf any and all contracts, agreements, notes, bonds, deeds, mortgages, certificates, instruments, and other documents except as may be specifically limited by resolution of the Board of Directors. The Chairperson shall have the authority to call special meetings of the Board and shall perform such other duties as may be prescribed in these bylaws or assigned to the Chairperson by the Board of Directors.

**Section 4.3** Vice Chairperson. The Vice Chairperson shall serve under the direction of the Chairperson. In the absence, incapacity, or inability or refusal of the Chairperson to act, the Vice Chairperson shall assume the authority and perform the duties of the Chairperson. The Vice Chairperson shall perform such other duties as may be prescribed in these bylaws or assigned to the Vice-Chairperson by the Board of Directors.

**Section 4.4** Secretary. Except as otherwise provided by these Bylaws or determined by the Board of Directors, the Secretary shall serve under the direction of the Chairperson. The Secretary

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shall attend all meetings of the Members and the Board of Directors and record the proceedings thereof. The Secretary shall give, or cause to be given, all notices in connection with such meetings. The Secretary shall be the custodian of the Corporate seal and affix the seal to any document requiring it. The Secretary shall sign all membership certificates. The Chairperson of the Board of Directors along with the Secretary and/or Treasurer shall have full authority to execute on the Corporation's behalf any and all contracts, agreements, notes, bonds, deeds, mortgages, certificates, instruments, and other documents except as may be specifically limited by resolution of the Board of Directors. The Secretary shall perform such other duties as may be prescribed in these bylaws or assigned to the Secretary by the Board of Directors. The office of Secretary and Treasurer may be one and the same and be known as Secretary-Treasurer. The Secretary shall deliver to his or her successor all books and records within ten (10) days following the meeting at which the new officer is elected and qualified.

**Section 4.5 Treasurer.** Except as otherwise provided by these Bylaws or determined by the Board of Directors, the Treasurer shall serve under the direction of the Chairperson. The Treasurer shall, under the direction of the Chairperson, keep safe custody of the Corporation's funds and maintain complete and accurate books and records of account. The Treasurer shall upon request report to the Board of Directors on the financial condition of the Corporation. The Chairperson of the Board of Directors along with the Secretary and/or Treasurer shall have full authority to execute on the Corporation's behalf any and all contracts, agreements, notes, bonds, deeds, mortgages, certificates, instruments, and other documents except as may be specifically limited by resolution of the Board of Directors. The office of Secretary and Treasurer may be one and the same and be known as Secretary-Treasurer. The Treasurer shall deliver to his or her successor all books, records and accounts within ten (10) days following the meeting at which the new officer is elected and qualified.

**Section 4.6 General Manager.** Except as otherwise provided by these Bylaws or determined by the Board of Directors, the General Manager shall serve under the direction of the Board of Directors. The General Manager shall be the chief operating officer of the Corporation and, subject to the authority of the Board of Directors, shall manage the business and affairs of the Corporation. The General Manager shall perform such other duties as may be prescribed in these bylaws or assigned to the General Manager by the Board of Directors.

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**Section 4.7 Assistant Officers.** Except as otherwise provided by these Bylaws or determined by the Board of Directors, the Assistant Secretaries and Assistant Treasurers, if any, shall serve under the immediate direction of the Secretary and the Treasurer, respectively, and under the ultimate direction of the Chairperson. The Assistant Officers shall assume the authority and perform the duties of their respective immediate superior officer as may be necessary in the absence, incapacity, or inability or refusal of such immediate superior officer to act.

**Section 4.8 Salaries.** The salaries of the officers shall be fixed from time to time by the Board of Directors and no officer shall be prevented from receiving a salary by reason of the fact that he is also a Director of the Corporation.

**ARTICLE 5**

**INDEMNIFICATION OF DIRECTORS, OFFICERS, AGENTS AND EMPLOYEES**

**Section 5.1. Indemnification of Directors.** Unless otherwise provided in the articles, the corporation shall indemnify any individual made a party to a proceeding because he is or was a director of the company against liability incurred in the proceeding, but only if such indemnification is both (i) determined permissible and (ii) authorized as defined in subsection (a) of this Section 5.1. (Such indemnification is further subject to the limitation specified in subsection (c).)

(a) **Determination and Authorization.** The corporation shall not indemnify a director under this Section 5.1 of Article 5 unless:

(1) **Determination:** A determination has been made in accordance with the procedures set forth in Section 33-8-550 (b)33 of the South Carolina Revised Code that the director met the standard of conduct set forth in subsection (b) below, and

(2) **Authorization:** The Board of Directors (as specified in Section 33-8-550(c)) authorizes payment after they have concluded that the expenses are reasonable, the corporation has the financial ability to make the payment, and that the financial resources of the company should be devoted to this use rather than some other use by the corporation.

(b) **Standard of Conduct.** The individual shall demonstrate that:

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(1) He conducted himself in good faith; and (2) that he reasonably believed:

(i) in the case of conduct in his official capacity with the corporation, that his conduct was in its best interests; and

(ii) in all other cases that his conduct was at least not opposed to its best interests; and

(iii) in the case of any criminal proceeding, he had no reasonable cause to believe his conduct was unlawful.

The corporation shall not indemnify a director under this Section 5.1 of Article 5:

(1) in connection with a proceeding by or in the right of the corporation in which the director was adjudged liable to the corporation; or

(2) in connection with any other proceeding charging improper personal benefit to him, whether or not involving action in his official capacity, on the basis that personal benefit was improperly received by him.

(c) Indemnification in Derivative Actions Limited. Indemnification permitted under this Section 5.1 of Article 5 in connection with a proceeding by or in the right of the corporation is limited to reasonable expenses incurred in connection with the proceeding.

Section 5.2 Advance Expenses for Directors. If a determination is made following the procedures of Article 5, Section 5.1(a) that the director has met the following requirements; and if an authorization of payment is made, also following the procedures and standards set forth in Article 5, Section 5.1(a); then unless otherwise provided in the articles of incorporation, the company shall pay for or reimburse the reasonable expenses incurred by a director who is a party to a proceeding in advance of final disposition of the proceeding, if:

(1) The director furnishes the corporation a written affirmation of his good faith belief that he has met the standard of conduct described in subsection (b) of Section 5.1 of this Article 5.

(2) The director furnishes the corporation a written

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undertaking, executed personally or on his behalf, to repay the advance if it is ultimately determined that he did not meet the standard of conduct (which undertaking must be an unlimited general obligation of the director but need not be secured and may be accepted without reference to financial ability to make repayment); and

(3) A determination is made that the facts then known to those making the determination would not preclude indemnification under Section 5.1 of this Article 5 of Section 33-8-500 through Section 33-8-580, South Carolina Revised Code, 1976.

Section 5.3 Indemnification of Officers, Agents and Employees Who are not Directors. Unless otherwise provided in the articles of incorporation, the Board of Directors may indemnify and advance expenses to any officer, employee or agent of the corporation who is not a director of the corporation to any extent, consistent with public policy, as determined by the general or specific action of the Board of Directors.

ARTICLE 6

CONTRACTS, LOANS, CHECKS AND DEPOSITS

Section 6.1 Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances. Notwithstanding the forgoing, unless changed by resolution of the Board, the Chairperson and Secretary and/or Treasurer shall have the authority to execute contracts on behalf of the Corporation as provided in their respective duties as set forth in Sections 4.2, 4.4 and 4.5 of these Bylaws.

Section 6.2 Loans. No loans shall be contracted on behalf of the Corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors, and such authority may be general or confined to specific instances.

Section 6.3 Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by the officer or officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.



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**Section 6.4** Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the of the Corporation in such banks, trust companies or other depositories as the Board of Directors may select.

**Section 6.5** Revenue Fund Account. The Corporation shall maintain a revenue fund account which shall be divided into three (3) sub-accounts as follows:

- (a) Debt Service Account
- (b) Operation and Maintenance account
- (c) Reserve Account

**ARTICLE 7**

**MEMBERS' RIGHTS, BENEFITS AND DUTIES**

**Section 7.1** The Corporation will install, maintain and operate water service lines from its main line or lines to the property line of each Member of the Corporation.

**Section 7.2** Each Member shall be entitled to not more than one (1) service line from the Corporation's system unless otherwise approved by the Board of Directors and provided that the Member shall be required to pay the Required Service Connection to each service line.

**Section 7.3** Each Member shall be entitled to purchase from the Corporation, pursuant to such agreements as may from time to time be provided and required, such service as the Member may desire, subject to the provisions of these Bylaws and to such policies and procedures as may be prescribed by the Board of Directors.

**Section 7.4** The Board of Directors shall, prior to the beginning of each calendar year, determine whether the monthly rates charged are adequate to support the Corporations' budget for the following year. The flat minimum monthly rate as set up in the rate schedule for the year will be payable irrespective of whether any service is used by a Member during a month. The Board of Directors shall fix the date for the payment of such charges and shall notify each Member or cause each Member to be notified of the amount of such charges and dates for the payment thereof. A Member to be entitled to the service shall pay such charges at the office of the Corporation at or prior to the dates fixed by the Board of Directors. The failure to pay monthly charges duly imposed shall result in the automatic imposition of penalties which shall be set by the Board of Directors and set forth as part of the policies and

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procedures of the Corporation.

**Section 7.5** The Board of Directors shall be authorized to require each Member to enter into a Water User's Agreement which shall embody the principles set forth in the foregoing sections of this Article.

**Section 7.6** Membership may be cancelled and/or service discontinued by the Corporation for any violation of any Bylaw, policy or procedure, and Agreement or condition of service.

**Section 7.7** The rights and interests of Members in the savings of the Corporation shall be determined in proportion to their business with the Corporation.

**Section 7.8** The Corporation shall keep such records as are necessary to determine, at any time, each Member's rights and interests in the assets of the Corporation.

**Section 7.9** A Member's rights and interests in savings or assets shall not be forfeited upon withdrawal or termination of membership.

**ARTICLE 8**

**DISSOLUTION**

**Section 8.1** Distribution upon Corporate Dissolution. In the event the Corporation should dissolve in accordance with the Statutory Laws of the State of South Carolina, then (a) any and all surplus funds and assets of the Corporation, after payment of all debts and expenses of the Corporation, shall be distributed to all Members and former Members pursuant to §501(c)(12) of the Internal Revenue Code as now enacted or as may be hereafter enacted or amended from time to time; (b) the Member's or former Member's right of distribution shall not be forfeited upon withdrawal or termination of membership; (c) the interest of the Member or former Member in said surplus funds and assets shall be determined in proportion to the Member's or former Member's business with the corporation during the period of membership insofar as practical; (d) any gains from the sale of an appreciated asset shall be distributed to all persons who were Members during the period the asset was owned by the Corporation in proportion to the amount of business done by the said Member during that period; (e) the Corporation shall maintain such records as are necessary to determine, at any time, each Member's or former Member's rights and interest in the surplus funds and assets of the Corporation; (f) in the event of residual assets, the said residual assets will be

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deemed to be made to Members or former Members on the basis of their business with the Corporation and then such Members or former Members will be deemed to distribute or donate their assets to one or more organizations which are organized and operate for similar purposes which themselves are exempt as organizations described in §501(c)(12) of the Internal Revenue Code as now enacted or as may be hereafter enacted or amended from time to time.

ARTICLE 9

MISCELLANEOUS

**Section 9.1** Certificates of Membership. Certificates representing membership in the Corporation shall state upon the face thereof the name of the person to whom issued, the number of the certificate and the fact that the Corporation is organized under the laws of the State of South Carolina. Each certificate shall be signed by the Chairperson or the Vice Chairperson and by the Secretary or an Assistant Secretary. All certificates of membership shall be consecutively numbered. The name and address of the person to whom the certificate is issued, and date of issuance, shall be entered on the books of the Corporation. All certificates surrendered to the Corporation for transfer shall be canceled and no new certificate shall be issued until the former certificate shall have been surrendered and canceled, except that in case of a lost, destroyed or mutilated certificate a new one may be issued therefor upon the making of an affidavit by the holder of record of the certificates represented by such certificate setting forth the facts concerning the loss, theft or mutilation thereof and upon such bond or indemnity to the Corporation as the Board of Directors may prescribe. A new certificate may be issued without requiring any bond when, in the judgment of the Board of Directors, it is not imprudent to do so.

**Section 9.2** Transfer of Membership Certificates. Subject to the provisions of the Act and to any transfer restrictions binding on the Corporation, transfer of Membership Certificates of the Corporation is prohibited. Provided, however, the Board of Directors may make provision for transfers in the event of death or divorce of a person or the sale of a business which shall be a part of the policy and procedure of the Corporation. Any transfer so provided for shall be effective only when made on books of the Corporation. The person in whose name certificate stands on the books of the Corporation shall be deemed by the Corporation to be the owner thereof for all purposes.

**Section 9.3** Fiscal Year. The fiscal year of the Corporation shall be established, and may be altered, by resolution

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of the Board of Directors from time to time as the Board deems advisable.

**Section 9.4** Seal. The seal of the Corporation shall be circular in form and shall have inscribed thereon the name of the Corporation, the year of its organization, and the words "Corporate Seal, South Carolina.

**Section 9.5** Amendments. These Bylaws may be altered, amended, or repealed and new Bylaws may be adopted by the majority vote of the Members present at any special or regular meeting of the Corporation if the members have been given at least ten (10) days written notice of the meeting and the notice contains a copy of the proposed amendment or amendments or advises the Member that a copy of the proposed amendment or amendments is on file for public inspection at the principal office of the Corporation. For as long as the Corporation is indebted on a loan or loans from the United States of America through the Farmers' Home Administration, the Bylaws shall not be altered, amended, or repealed or new Bylaws adopted without the prior consent of the State Director of the Farmers' Home Administration for the State of South Carolina. Directors, by a majority vote, at any regular or special meeting may make technical corrections to the Bylaws or amend the Bylaws to conform to any changes in federal or state laws or regulations which affect the Corporation.

**Section 9.6** Severability. Any provision of these Bylaws, or any amendment or alteration thereof, which is determined to be in violation of the Act shall not in any way render any of the remaining provisions invalid.

**Section 9.7** References to Gender and Number Terms. In construing these Bylaws, feminine or neuter pronouns shall be substituted for those masculine in form and vice versa, and plural terms shall be substituted for singular and singular for plural in any place in which the context so requires.

**Section 9.8** Headings. The Article and Section headings in these Bylaws are inserted for convenience only and are not part of the Bylaws.

**Section 9.9** Inspection of Records by Members. A Member is entitled to inspect and copy, during regular business hours at the Corporation's principal office, any of the following records of the Corporation, if he gives the Corporation written notice of his demand at least five business days before the date on which he wishes to inspect and copy:

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- (1) its Articles of Incorporation or Restated Articles of Incorporation and all amendments to them currently in effect;
- (2) its Bylaws or restated Bylaws and all amendments to them currently in effect;
- (3) resolutions adopted by its Board of directors creating one or more classes or series of certificates, and fixing their relative rights, preferences, and limitations, if certificates issued pursuant to those resolutions are outstanding;
- (4) the minutes of all Members' meetings, for the past three years;
- (5) all written communications to Members, generally, within the past three years, including the financial statements furnished for the past three years;
- (6) a list of the names and business addresses of its current Directors and Officers;
- (7) its most recent Report of each type required to be filed with the Secretary of State; and
- (8) all contracts or other written agreements between the Corporation and any of its Members and all contracts or other written agreements between two or more of the Members.

A Member is entitled to inspect and copy, during regular business hours at a reasonable location specified by the Corporation, any of the following records of the corporation if the Member: gives the Corporation written notice of his demand at least five business days before the date on which he wishes to inspect and copy, and his demand is made in good faith and for a proper purpose; he describes with reasonable particularity his purpose and the records he desires to inspect; and the records are directly connected with his purpose:

- (1) excerpts from minutes of any meeting of the Board of Directors, records of any action of a committee of the Board of Directors while acting in place of the Board of Directors on behalf of the Corporation, minutes of any meeting of the Members, to the extent not otherwise subject to inspection under this section of the Bylaws;

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- (2) account records of the Corporation; and
- (3) the record of Members. The record of Members may not be used to solicit money or property, used for any commercial purpose, or sold to or purchased by any person, organization or entity.

A Member's agent or attorney has the same inspection and copying rights as the Member he represents. The right to copy records under this section includes, if reasonable, the right to receive copies made by photographic, xerographic, or other means. The Corporation may impose a reasonable charge, covering the costs of labor and material, for copies of any documents provided to the Member. The charge may not exceed the estimated cost of production or reproduction of the records.

Adopted: \_\_\_\_\_

Secretary: \_\_\_\_\_