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Handwritten initials/signature

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F. MARSHALL DETERING
MARTIN S. FRIEDMAN, P.A.
JOHN R. JENKINS
ROBERT M. C. ROSE, P.A.
WILLIAM E. SUNDBSTROM, P.A.
DIANE D. TREMOR, P.A.
JOHN L. WHARTON

October 10, 1994

MAILING ADDRESS
POST OFFICE BOX 1567
TALLAHASSEE, FLORIDA 32302-1567
TELECOPIER (904) 866-4029

Ms. Blanca Bayo, Director
Division of Records & Reporting
Florida Public Service Commission
101 East Gaines Street
Tallahassee, Florida 32399

941044-WS

Re: EL JOBEAN WATER ASSOCIATION, INC.
Application for Order Recognizing its Exemption from
Florida Public Service Commission Regulation.
Our File No. 27029.09

Dear Ms. Bayo:

Filed herewith are the original and fifteen (15) copies of the
above-styled Application.

Please transmit these to the Commissioners and the appropriate
Staff personnel, and advise them to contact me with any questions
or suggestions concerning this matter.

Sincerely yours,

Signature of Robert M.C. Rose
Robert M.C. Rose, P.A.
For the Firm

- ACK RMCR/jbe
- AFA _____
- APP _____
- CAF _____
- CFU _____ cc: Mr. Ray Stillwagon, President
Mr. Thad Smith, Director
- EG 1 _____
- LIN 6 _____
- UPC 1 _____
- RCH _____
- SEC 1 _____
- WAS _____
- DTH _____

DOCUMENT NUMBER-DATE
10348 OCT 10 94
FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application of EL JOBEAN)
WATER ASSOCIATION, INC., for an)
order recognizing its exemption)
from Public Service Commission)
regulation, pursuant to Section)
367.022(7), Florida Statutes.)

Docket No. 941044-WS

APPLICATION FOR ORDER RECOGNIZING
EXEMPTION FROM REGULATION

EL JOBEAN WATER ASSOCIATION, INC. (Applicant), a Florida non-profit corporation, by its undersigned attorneys and pursuant to Section 367.031, Florida Statutes, and Rule 25-30.060, Florida Administrative Code, hereby files this application requesting that the Florida Public Service Commission issue an order recognizing that Applicant's water system is exempt from regulation by the Public Service Commission, pursuant to Sub-section 367.022(7), Florida Statutes, and states:

1. The owner of this water system is El Jobean Water Association, Inc.
2. The system is located in the community of El Jobean, in Charlotte County, Florida.
3. Applicant's mailing address is as follows:
EL JOBEAN WATER ASSOCIATION, INC.
P.O. Box 27149
El Jobean, Florida 33927
4. Applicant's attorney, who is the primary contact person for this exemption request, is as follows:

Robert M.C. Rose, P.A.
Rose, Sundstrom & Bentley
2548 Blairstone Pines Drive
Tallahassee, Florida 32301
(904) 877-6555 FAX: 904/656-4029

DOCUMENT NUMBER-DATE

10348 OCT 10 8

FPSC-RECORDS/REPORTING

5. Applicant's business organization is a Florida not-for-profit corporation which provides potable water service to its members for compensation in Charlotte County, Florida. Applicant provides water service solely to its members, who own and control the corporation.

6. Attached hereto as EXHIBIT "A" is the statement of Applicant's President that he is aware of the import of Section 837.06, Florida Statutes.

7. Applicant is applying for an order recognizing that its water system is exempt from regulation by the Commission pursuant to Section 367.022(7), Florida Statutes. In support of this application, the following exhibits are attached hereto:

(a) EXHIBIT "B" - Applicant's statement, in affidavit form, outlining reasons that El Jobean Water Association, Inc., be exempt from Public Service Commission regulation and providing other information pursuant to Rule 25-30.060(3)(g), F.A.C.

(b) EXHIBIT "C" - Applicant's Articles of Incorporation, as filed with the Secretary of State.

(c) EXHIBIT "D" - Applicant's Bylaws. The Bylaws show the requirements for membership, that members' voting rights are one vote per unit of ownership, and that control of the corporation is by non-developer members.

(d) Applicant does not own treatment facilities, and therefore the requirement for proof of ownership of facilities and land is not applicable to this application.

WHEREFORE, the Applicant, EL JOBEAN WATER ASSOCIATION, INC., prays that the Florida Public Service Commission will issue its

order recognizing that Applicant is exempt from Commission regulation, pursuant to the provisions of Section 367.022(7), Florida Statutes.

Respectfully submitted this 10th
day of October, 1994, by:

ROSE, SUNDSTROM & BENTLEY
2548 Blairstone Pines Drive
Tallahassee, Florida 32301
(904) 877-6555
Attorneys for El Jobean Water
Association, Inc.



ROBERT M.C. ROSE, P.A.
Florida Bar No. 95414

EL JOBEAN WATER ASSOCIATION, INC,

P.O. BOX 27149
EL JOBEAN, FLORIDA 33927

PHONE: 813-625-5548

FAX: 813-625-7992

EL JOBEAN WATER ASSOCIATION, INC. IS AWARE THAT, PURSUANT TO S. 837.06, FLORIDA STATUTES, WHOEVER KNOWINGLY MAKES A FALSE STATEMENT IN WRITING, WITH THE INTENT TO MISLEAD A PUBLIC SERVANT IN THE PERFORMANCE OF HIS OFFICIAL DUTY, SHALL BE GUILTY OF A MISDEMEANOR OF THE SECOND DEGREE AND PUNISHABLE AS PROVIDED IN S. 775.082, 775.083, OR S. 775.084.

RAY STILLWAGON, PRESIDENT
EL JOBEAN WATER ASSOCIATION, INC.

Ray Stillwagon

EXHIBIT "A"

AFFIDAVIT FOR NONPROFIT ASSOCIATION EXEMPTION
[Section 367.022(7), Florida Statutes]

AFFIDAVIT

STATE OF FLORIDA
COUNTY OF CHARLOTTE

BEFORE ME, the undersigned authority, personally appeared MR. RAY STILLWAGON, who being first duly sworn, deposes and says: That he occupies the position of President of EL JOBEAN WATER ASSOCIATION, INC., and states as follows: EL JOBEAN WATER ASSOCIATION, INC., located in Charlotte County, Florida, will be exempt from the regulation of the Florida Public Service Commission pursuant to Section 367.022(7), Florida Statutes, for the following reasons:

1. El Jobean Water Association, Inc., is a nonprofit corporation organized pursuant to Chapter 617, Florida Statutes.
2. El Jobean Water Association, Inc., provides utility service solely to members of the corporation who own and control it.
3. El Jobean Water Association, Inc., provides water service only, and it does the billing for that service.
4. The service territory of El Jobean Water Association, Inc., is the community known as El Jobean in the north central portion of Charlotte County, Florida.

Affiant further states that the information given herein is true and correct to the best of his knowledge and belief.


RAY STILLWAGON

Witness my hand and seal
this 30 day of October,
1994.


Notary Public

My Commission Expires:

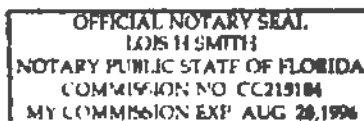


EXHIBIT "B"

ARTICLES OF INCORPORATION
of
EL JOBEAN WATER ASSOCIATION

FILED
MAY 20 1954
TALLAHASSEE, FLORIDA

ARTICLE I

The name of this corporation shall be El Jobean Water Association, Inc., and it shall be a corporation not for profit organized pursuant to the provisions of Part I. of Chapter 617, Florida Statutes. This corporation shall have all powers given to corporations not for profit by the provisions of Chapter 617, Florida Statutes.

ARTICLE II

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

A. To construct, maintain, and operate a water system for the supplying of water for domestic, commercial, agricultural, industrial, and other purposes to its members and for the sale of any surplus water remaining after the needs of its members have been satisfied and to engage in any activity relating thereto, including but not limited to the acquisition of water by appropriation, drilling, pumping, purchase or otherwise, and the purchase, laying, institution, operation, maintenance, and repair of wells, pumping equipment, water mains, pipelines, valves, meters, and all other equipment necessary or useful to the construction, maintenance and operation of a water system; and

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

C. It is the purpose of this corporation to serve and accept as members inhabitants of that portion of the area of Charlotte County, Florida, lying between the waters of Charlotte Harbor and the Myakka River which is generally known as El Jobean; but the business and activities of the corporation may be conducted at any place in the State of Florida or elsewhere.

ARTICLE III

The members of the corporation shall be the subscribers hereto and all other persons, partnerships, corporations, or other entities having a reasonable accessibility to the sources of and who desire to have water and other services supplied for domestic, commercial, agricultural, industrial, or other uses from the systems constructed, maintained, and operated by the corporation. The corporation shall not be required to admit additional members if the capacity of its water system or sewer system or other facilities is exhausted by the needs of its existing members and such other persons to whom it has been supplying water and/or other services.

Persons shall be admitted to membership upon receiving affirmative vote of 50% or more of the members of the Board of Directors present and voting at any regular or called meeting of the Board, and upon payment or tender of connection fee and/or membership fee and compliance with additional requirements, if any, of the by-laws of the corporation.

ARTICLE IV

This corporation shall have perpetual existence.

EXHIBIT "C"

ARTICLE V

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

Jarrett E. Dick
Hazel Crafton
Clifford Powell

General Delivery, El Jobean, Florida
Rt. 3, Box 25, Punta Gorda, Florida
General Delivery, El Jobean, Florida

ARTICLE VI

The affairs of the corporation are to be managed by a Board of Directors of not less than three nor more than nine members. The number of directors shall be fixed by the by-laws. Directors shall be elected at the annual meeting of the membership and shall hold office for one year or until their successors are elected and have qualified. Vacancies in the Board of Directors shall be filled by majority vote of the directors present and voting at any regular or special meeting of the Board at which a quorum shall be present.

ARTICLE VII

The officers of the corporation shall be a president, a vice president, a secretary and a treasurer; the same person may serve as secretary and treasurer. The officers who shall serve until the first election or until their successors are elected and have qualified shall be as follows:

Jarrett E. Dick	President
Franklin Emery Addison	Vice President
Rosalie Dick	Secretary
Hazel Crafton	Treasurer

The term of office of said officers shall be for a period of one year or until their successors are elected and have qualified. The officers shall be elected by the Board of Directors from the membership of the Board of Directors.

ARTICLE VIII

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

Jarrett E. Dick
Franklin Emery Addison
Rosalie Dick
Hazel Crafton
Clifford Powell
Esmett Crafton
Sandra Bartley
Frank Woolery
Noyce Bullis

General Delivery, El Jobean, Florida
Rt. 3, Box 10, El Jobean, Florida
General Delivery, El Jobean, Florida
Rt. 3, Box 25, Punta Gorda, Florida
General Delivery, El Jobean, Florida
Rt. 3, Box 25, Punta Gorda, Florida
General Delivery, El Jobean, Florida
Rt. 3, Box 20, Punta Gorda, Florida
General Delivery, El Jobean, Florida

ARTICLE IX

The by-laws of the corporation shall be made and may be altered or rescinded by vote of a majority of the membership.

ARTICLE X

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

ARTICLE XI

The assets and income of this non-profit corporation shall be utilized to promote its purposes. No salaries or fees shall be paid to the directors or officers of this corporation, as such; but nothing herein shall prevent the hiring or engaging of one or more of the directors or officers for the hiring of other employees or engaging other persons to perform services for the corporation or to prevent the reimbursement of any person who makes outlays for the reasonable expenses of the corporation. Provided, however, that should this corporation be dissolved, nothing herein shall prevent the distribution of the assets of the corporation to its members or the return of such assets as may have been donated to the corporation to the donors thereof.

IN WITNESS WHEREOF, we have made and subscribed these Articles of Incorporation, this 19 day of March, 1970.

Jarrett E. Dick
Hazel Crafton
Clifford Powell

STATE OF FLORIDA

CHARLOTTE COUNTY

I HEREBY CERTIFY that on this day before me, an officer duly qualified to take acknowledgments, personally appeared JARRETT E. DICK, HAZEL CRAFTON and CLIFFORD POWELL, known to me personally to be the individuals who executed the foregoing Articles of Incorporation and acknowledged that they executed said Articles of Incorporation as the act and deed of the signers, respectively, and the facts therein stated are truly set forth.

WITNESS my hand and official seal in the County and State last aforesaid this 19 day of March, 1970.

Doris McDonald
Notary Public

My Commission expires: 5-14-72

STATE OF FLORIDA

OFFICE

FILED

SECRETARY OF STATE

1978 JUN 18 PM 2:30

CORPORATION NOT FOR PROFIT

SECRETARY OF STATE

Certificate Designated for Service of Process Within This State, Naming Agent Upon Whom Process May Be Served

In pursuance of Section 617.022, Florida Statutes, the following is submitted, Reference: 617.022-2.00

First-That EL JOBEAN WATER ASSOCIATION, INC.

a corporation not for profit duly organized and existing under the laws of the State of Florida

with its principal place of business at El Jobean

County of Charlotte State of Florida

Phillips 66 Service Station, SR 771 and Palmetto Street,
has designated and established

(Street address and building number, P.O. Box address not acceptable)

Community of El Jobean, County of Charlotte

State of Florida, as its place of business or domicile for the service of

process within this State, and named as its agents Clifford Powell

to accept service of process.

Complete the following when there is a change of one or more officers or directors.

OFFICERS:	AFFIX TITLES: NAME	SPECIFIC ADDRESS
President	<u>Jarrett E. Dick</u>	<u>General Delivery, El Jobean, Florida</u>
Vice Pres.	<u>Franklin Emery Addison</u>	<u>Rt. 3, Box 10, El Jobean, Florida</u>
Secretary	<u>Rosalie Dick</u>	<u>General Delivery, El Jobean, Florida</u>
Treasurer	<u>Hasel Crafton</u>	<u>Rt. 3, Box 25, Punta Gorda, Florida</u>

DIRECTORS: (THREE (3) required by law)	NAME	SPECIFIC ADDRESS
Same as above AND		
	<u>Clifford Powell</u>	<u>General Delivery, El Jobean, Florida</u>
	<u>Emmett Crafton</u>	<u>Rt. 3, Box 25, Punta Gorda, Florida</u>
	<u>Sandra Bartley</u>	<u>General Delivery, El Jobean, Florida</u>
	<u>FRANK Woolery</u>	<u>Rt. 3, Box 20, Punta Gorda, Florida</u>
	<u>Noyce Bullis</u>	<u>General Delivery, El Jobean, Florida</u>

By Jarrett E. Dick
President

ACKNOWLEDGMENT: (MUST BE SIGNED BY DESIGNATED AGENT)

Having been named to accept service of process for the above stated corporation, at place designated in this certificate, I hereby accept to act in this capacity.

By Clifford Powell
Resident Agent

Section 617.022, Florida Statutes, Office and resident agent. Every corporation organized hereunder shall maintain an office in this state with a resident agent thereat upon whom process may be served. The resident agent may be either an individual or a corporation. The corporation shall keep the secretary of state informed of the current city, town or village and street address of said office together with the name of the resident agent.

Filing Fee: \$2.00

ARTICLES OF AMENDMENT
OF

EL JOBEAN WATER ASSOCIATION, INC.
(a Florida Corporation, not for profit)

FILED
835 APR -6 AM 11:18
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

Pursuant to Florida Statute Section 617.017, the Articles of Incorporation of the above-named corporation are hereby amended as follows:

1. Article II is amended by adding the following:

D. In addition to the foregoing purposes this corporation may engage in any activity or business permitted under the laws of the United States and the State of Florida.

2. The foregoing amendment was adopted by the directors and members in accordance with the provisions of its Articles of Incorporation and By-Laws on March 12, 1986.

IN WITNESS WHEREOF, we the undersigned, have executed these Articles of Amendment this 25 day of March, 1986.

Lanoch O. Space

Secretary

Laurie Beth Spoo

President

STATE OF FLORIDA
COUNTY OF CHARLOTTE

The foregoing instrument was acknowledged before me this 25th day of March, 1986, by Laurie Beth Spoo, President and Lanoch O. Space, Secretary of EL JOBEAN WATER ASSOCIATION, INC., a Florida Corporation, not for profit on behalf of the corporation.

[Signature]
Notary Public

My Commission Expires:

Notary Public, State of Florida at Large
My Commission Expires Sept. 8, 1986
ADVISED THAT NOTARIAL COMMISSION EXPIRES
A NOTARY PUBLIC MUST BE RECOMMISSIONED

BYLAWS
of

EL JOBEAN WATER ASSOCIATION, INCORPORATED.

ARTICLE I
General Purposes

The purposes for which this corporation is formed, and the powers which it may exercise are set forth in the articles of incorporation of the corporation.

ARTICLE II
Name and Location

Section 1. The name of this corporation is the EL JOBEAN WATER ASSOCIATION, INCORPORATED.

Section 2. The principal office of this corporation shall be located in EL JOBEAN, County of CHARLOTTE, State of FLORIDA.

ARTICLE III
Seal

Section 1. The seal of the corporation shall have inscribed thereon the name of the corporation, the year of its organization and the words, "Corporation Not for Profit EL JOBEAN WATER ASSOCIATION, INC.

Section 2. The secretary of the corporation shall have custody of the seal.

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

ARTICLE IV
Fiscal Year

The fiscal year of the corporation shall begin the FIRST day of JANUARY in each year.

ARTICLE V
membership

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

Section 2. Every person (which word as used herein includes any legal entity) who is a record owner of a fee or undivided fee interest, or having a substantial possessory interest, in a property served by the water system may become a member of the corporation upon signing such applications and agreements for the purchase of water as may be provided and required by the corporation and upon the payment of such connection fee as may be imposed by the board of directors provided that only one membership at a time may be held for each property served. A single membership may be issued to all persons owning or having a substantial possessory interest in the property. Only one membership may be held with respect to property at one time. The board of directors shall cause to be issued appropriate certificates of membership, provided that membership shall

EXHIBIT "D"

not be denied because of the applicant's race, color, creed, or national origin. Membership may be denied if capacity of the corporation's water system is exhausted by the need of its existing members, or, if the proposed use of the applicant is such that it would interfere with existing uses previously authorized by the board of directors.

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

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

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

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

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

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

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

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

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

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

ARTICLE VI

Membership Certificates

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

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

This membership certificate, No. _____ is issued and accepted in accordance with and subject to the conditions and restrictions stipulated in the articles of incorporation and bylaws, and amendments to the same of the _____ water Association.

ARTICLE VII

Meetings of Members

Section 1. The annual meeting of the members of this corporation shall be held in El Jobean County of Charlotte, State of Florida at 7 O'clock P.M., on the Last Thursday in February of each year, if not a Sunday or legal holiday, or if Sunday or legal holiday on the next business day following. The place, day, and time in the county by the board of directors giving notice thereof to each member not less than ten (10) days in advance thereof.

Section 2. Special meetings of the members may be called at any time by the action of the Board of Directors and such meetings may be called whenever a petition requesting such meeting is signed by at least ten (10)

percent of the members and presented to the Secretary or to the Board of Directors. The purpose of every special meeting shall be stated in the notice thereof, and no business shall be transacted thereat except such as is specified in the notice and verified.

Section 3. Notices of regular and special meetings shall be given to each member of the Association not less than ten (10) nor more than forty (40) days prior to such meetings, such a notice shall state the nature, time and purpose of the meeting, but no failure or irregularity of notice of any annual meeting regularly held shall affect any proceedings taken thereat.

Section 4. Valid votes shall be by members present and voting only, _____ of members present shall constitute a quorum.

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

Section 5. The order of business at the regular meetings and so far as possible at all other meetings shall be:

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

ARTICLE VIII

Directors and Officers

Section 1. Members of the Board and Officers shall be a resident member for three years and present year round.

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

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

Section 4. A majority of the board of directors shall constitute a quorum at any meeting of the board. The affirmative vote of the majority of the directors at a meeting at which a quorum is present shall be the

act of the board.

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

Section 6. Officers and directors may be removed from office in the following manner; Any member, officer or director may present charges against a director or officer by filing them in writing with the secretary of the corporation. If presented by a member, the charges will be accompanied by a petition signed by ten (10) percent of the members of the corporation. Such removal shall be noted on at the next regular or special meeting of the members and shall be effective if approved by a vote of a majority of those voting if a quorum is present. The director or officer against who such charges have been presented shall be informed, in writing, of such charges at least twenty days prior to the meeting, and shall have the opportunity at such meeting to be heard in person or by counsel and to present witnesses; and the person or persons presenting such charges against him shall have the same opportunity at such meeting to be heard in person or by counsel and to present witnesses; and the person or persons presenting such charges against him shall have the same opportunity. If the removal of a director is approved, such action shall also vacate any other office held by the removed director in the corporation. A vacancy in the board thus created shall immediately be filled by a vote of a majority of the members present and voting at such meeting. A vacancy in any office thus created shall be filled by the board of directors from among their number so constituted after the vacancy in the board has been filled.

ARTICLE IX
Duties of Directors

Section 1. The board of directors, subject to restrictions of law, the articles of incorporation, and these bylaws, shall exercise all of the powers of the corporation and, without prejudice to or limitation upon their general powers, it is hereby expressly provided that the board of directors shall have, and are hereby given, full power and authority in respect to the matters as hereinafter set forth to be exercised by resolution duly adopted by the board:

- a. To approve membership applications and to cause to be issued appropriate certificates of membership. The board may make binding commitments to issue membership certificates and to permit the connection of properties to the system in the future in cases involving proposed construction or may issue such certificates prior to the commencement of the proposed construction.
- b. To select and appoint all agents or employees of the corporation, remove such agents or employees of the corporation, prescribe such duties and designate such powers as may not be inconsistent with these bylaws, fix their compensation and pay for faithful services.
- c. To borrow from any source, money, goods or services and to make and issue notes and other negotiable or non-negotiable instruments evidencing indebtedness of the corporation; to make and issue mortgages, deed of trust, pledges of revenue,

trust agreements, security agreements and financing statements and other instruments, evidencing a security interest in the assets of the corporation; and, to do every act and thing necessary to effectuate the same.

- d. To prescribe, adopt and amend, from time to time such equitable uniform rules and regulations as, in its discretion, may be deemed essential or convenient for the conduct of the business and affairs of the corporation and the guidance and control of its officers and employees, and to prescribe adequate penalties for the breach thereof.
- e. To order, at least once each year, an audit of the books and accounts of the corporation by a competent public auditor or accountant. The report prepared by such auditor or accountant shall be submitted to the members of the corporation at their annual meeting, together with a proposed budget for the ensuing year. Copies of such audits and budgets shall be submitted to such parties as may be required by other agreements.
- f. To fix and alter the charges to be paid by each member for services rendered by the corporation to the member, including connection fees where such are deemed to be necessary by the directors, and to fix and alter the method of billing, time of payment, manner of connections, and penalties for late or nonpayment of the same. The board may establish one or more classes of users. All charges shall be uniform and nondiscriminating within each class of users.
- g. To require all officers, agents, and employees charged with responsibility for the custody of any of the funds of the corporation to give adequate bonds, the cost thereof to be paid by the corporation, and it shall be mandatory upon the directors to so require.
- h. To select one or more banks to act as depositories of the funds of the corporation and to determine the manner of receiving, depositing and disbursing the funds of the corporation and the form of checks and the person or persons by whom the same shall be signed, with the power to change such banks and the person or persons signing such checks and the form thereof at will.
- i. To levy assessments against the members of the corporation in such manner and upon such proportionate basis as the directors deem equitable, and to enforce collection of such assessments by the suspension of water service or other legal methods. The board of directors shall have the option to suspend the service of any member who has not paid such assessment within thirty (30) from the date the assessment was due, provided the corporation will give the member at least 15 days written notice at the address of the member on the books of the corporation of its intention to suspend such service if the assessment is not paid. Upon payment of such assessments, any penalties applicable thereto, and a reconnection charge, if one is in effect, service will be promptly restored to such a member.

Duties of Officers

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

- a. The President appoints all committees of which one shall be a board member. The board member shall not be a committee chairman.
- b. The President may be ex-officio member of all committees except the nomination committee.

Section 2. Duties of the vice-president. In the absence or disability of the president, the vice-president shall perform the duties of the president; provided, however, that in case of death, resignation, or disability of the president, the board of directors may declare the office vacant and elect his successor.

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

ARTICLE XIBenefits and Duties of Members

Section 1. The corporation will install, maintain and operate a main distribution pipeline or lines from the source of the water supply and service lines from the main distribution pipeline or lines to the property line of each member of the corporation, at which points, designated as delivery points, meters to be purchased, installed, owned

and maintained by the corporation shall be placed. The cost of the service line or lines from the main distribution pipeline or lines of the corporation to the property line of each member shall be paid by the corporation. The corporation also may purchase and install a cutoff valve in each service line from its main distribution line or lines, such cutoff valve to be owned and maintained by the corporation and to be installed on some portion of the service line owned by the corporation. The corporation shall have the sole and exclusive right to use of such cutoff valve. However, the provisions of this section shall not be construed to require the acquisition or installation of meters or cutoff valves where the directors determine under the circumstances of the system and the nature of the membership that the use of either of both of such devices is impractical, unnecessary to protect the system and the right of the membership, and/or economically not feasible.

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

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

Section 4. Each member may be permitted to purchase from the corporation, pursuant to such agreement as may from time to time be provided and required by the corporation, such water as is needed by him for domestic, commercial, agricultural, industrial or other purposes as a member may desire, subject, however, to the provision of these laws and to such rules and regulations as may be prescribed by the board of

directors. Each member shall be entitled to have delivered to him through his service lines only such water as may be necessary to supply the needs of each member including his family, business, agricultural or industrial requirements. The water delivered through each service line may be metered separately and the charges for such water may be determined separately, irrespective of the number of service lines owned by a member.

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

Section 6. The organization will provide services substantially at cost. Dividends shall not be paid on the basis of membership or shares of stock in the organization. All funds from whatever sources remaining at the end of the year in excess of those needed to meet current losses and expenses will be the amount of business done by them, or will be retained for such purposes as retiring indebtedness incurred in acquiring assets, expanding the organization's services, or maintaining reserves for necessary purposes. However, the organization will maintain records from which each member's rights and interest in the retained funds and assets acquired with such funds in a proportion to his business with organization can be determined at any time. Required records for this purpose include financial records that show the organization's savings, such as bills of receipts, showing the amount of each member's business annually with the organization.

a. Nonpayment within ten (10) days from the due date will be subject to a penalty of ten (10) percent of the delinquent account, which percent may be changed at the discretion of the board of directors.

b. Non payment within thirty (30) days from the due date will

result in the water being shut off from the member's property without any notice thereof to such delinquent member. Upon the payment by the delinquent member of past due water charges, penalties thereon, any reconnection charge, such member shall be entitled to resumption of the water supply. During the time of such suspension of water to a member, such member shall have no right to vote in the affairs of of the corporation.

Section 7. The board of directors shall be authorized to require each member to enter into water users agreement which shall embody the principles set forth in the foregoing provisions of these bylaws.

ARTICLE XII

Distribution of Surplus Funds

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

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

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

ARTICLE XIII

Amendments

These bylaws may be repealed or amended by a vote of a majority of the members present at any regular meeting of the corporation, or at any special meeting of the corporation called for that purpose. The members shall not have the power to change the purposes of the

corporation so as to decrease its rights and powers under the laws of the state, or to waive any requirement of bond or other provision for the safety and security of the property and funds of the corporation or its members, or so to amend the bylaws, as to effect a fundamental change in the policies of the corporation.

We certify that the foregoing bylaws were duly adopted by the members on February 23, 19 89, that the same are in full force and effect and have not been amended.

Given under our hands and the seal of the corporation, this _____ day of _____, 19 _____.

Secretary/Treasurer

President