

Ford's Valley & Highway 278 Water Cooperative

BY LAWS (2024)

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: The name of this corporation is Fords Valley & Hwy. 278 Cooperative. The principal office of this corporation shall be located in the County of Etowah, State of Alabama.¹

ARTICLE III

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, Ford's Valley and Highway 278 Water Cooperative, State of Alabama."

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.

¹ Language changed at the annual membership meeting in August 2016, to remove Town of Hokes Bluff as the official location of the office.

ARTICLE IV

Fiscal Year

The fiscal year of the corporation shall begin on the 1st day of June in each year.

ARTICLE V

Membership

Section 1.² Any person (which word as used herein includes any legal entity) who is a record owner of a fee or undivided fee interest or having substantial possessory interest (for example, a tenant) 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, however, that such person may hold only one membership regardless of the number of properties he owns and/or the number of properties in which he possesses a substantial possessory interest.

A. A substantial possessory interest is one where the person or persons have a legal right to control an 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.

B. Where membership is granted to a person having a substantial possessory interest, the corporation as a condition to the membership may require such applicant to

² Section 1 was amended by vote of the membership at the 2017 annual meeting to clarify the basis for membership and membership certificates deriving from possessory interest in property.

post such collateral or bond, or present such permission from the owner, 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 2. Membership shall not be denied because of the applicant's race, color, creed, or national origin. Membership may be denied to an applicant, however, 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. Each membership as defined in Section 1 shall represent one vote; provided, however, that regardless of the number of properties a member owns and/or the number of properties in which a member possesses a substantial possessory interest, such member shall nonetheless be able to cast only one vote in conjunction with the last sentence of Section 1 above.³

Section 3. Membership shall terminate upon the disposition or other termination of the member's interest in the property. 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.

³ The language of Sections 2 and 3 were changed by the membership at the 2022 Annual Meeting to comport with the elimination of "membership certificates."

Section 4. 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 5. In the event a member's property interest is divested other than by voluntary means, such member's membership will pass to the trustee, receiver, executor, or the like who will be entitled either in person or through a designated representative to exercise all of the rights incident to such membership, but subject to such duties and liabilities also applicable to the membership. The trustee, receiver, executor, or the like, may terminate such membership by written notice to such effect delivered or mailed to the secretary of the corporation. Upon the final disposition of such property rights, the owner thereof shall be entitled to membership if he and the property otherwise comply with these bylaws and the rules of the Cooperative.⁴

Section 6. Upon the transfer of a property that is the basis for 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 has been duly perfected against such property; provided, however, that any former member, former account holder, or adult who received those water services that remain unpaid from the time of receipt of services,

⁴ The language of Sections 5, 6 and 7 were changed by the membership at the 2022 Annual Meeting to comport with the elimination of "membership certificates."

while regularly domiciled in a dwelling served by the Cooperative, may be required to pay the outstanding balance before being allowed to become a member again or to otherwise access the water delivery system.⁵

Section 7. This corporation shall not have capital stock. Membership in the corporation shall be represented as set out in above in Section 1. Such membership 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 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.

ARTICLE VI⁶

Meetings of Members

Section 1. The annual meeting of the members of this corporation shall be held in the County of Etowah, State of Alabama, at 6:00 p.m. on the second Tuesday in September of each year.^{7 8} The place, date, and time of the annual meeting may be changed to any other convenient place, day, and time in the county by the Board of Directors giving notice whereof to each member not less than ten (10) days in advance thereof. The Board of

⁵ Language changed and the “provided, however” clause added at the annual membership meeting held September 2019.

⁶ Most of the previous Article VI was eliminated, with the remaining part incorporated into Article V, by the membership at the 2022 Annual Meeting to comport with the elimination of “membership certificates.”

⁷ Language changed at the August 2016 annual meeting to remove Town of Hokes Bluff as the place of the annual meeting.

⁸ Language changed at the annual membership meeting held in September 2019 to state the time of the annual meeting will be 6:00 p.m. and the date will be in September.

Directors will meet the 2nd Tuesday each month at 7:00 p.m. at the principal office of the Ford's Valley & Highway 278 Water Cooperative.

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

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

Section 4. At any annual or called meeting of the membership, the presence of ten percent (10%) of all members entitled to cast a vote, in their own right or by proxy, shall constitute a quorum.^{9 10} All proxies shall be in writing and filed with the secretary. Such proxies may be general or restrictive. Proxies shall be revocable and shall not be valid beyond 11

⁹ Quorum changed from twenty percent (20%) to fifteen percent (15%) at the August 2016 annual membership meeting.

¹⁰ Quorum changed from fifteen percent (15%) to ten percent (10%) at the September 2021 annual membership meeting.

months, nor after termination of the membership by cessation of the member's interest in the property.

Pre-printed proxy cards delivered to members shall be used unless impracticable. They shall contain the member's account number, as well as a place where a member may nominate another to vote for him by proxy, and a place for the member's signature. Such proxy cards received by the Cooperative shall be counted for purposes of establishing presence of the member at the meeting (quorum); but shall be counted for purposes of voting only if they name the person being given the proxy and are also signed by the nominating member.¹¹

Section 5. Directors of this Corporation shall be elected at the annual meeting of the members as provided in Article VII, Section 1. No cumulative voting shall be allowed.¹²

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

1. Calling to order and proof of quorum
2. Proof of notice of meeting
3. Reading and action on any unapproved minutes
4. Reports of officers and committees
5. Election of directors

¹¹ This paragraph was added at the September 2021 annual membership meeting.

¹² The Article numbering was changed by the membership at the 2022 Annual Meeting to comport with the elimination of "membership certificates."

6. Unfinished business
7. New business
8. Adjournment

ARTICLE VII¹³

Directors and Officers

Section 1. The Board of Directors of the Corporation shall consist of five members, all of whom shall be members of the Corporation. The Directors named in the Articles of Incorporation shall serve until the first annual meeting of the members and until their successors are elected and have qualified. At the first annual meeting of the members, one director shall be elected for a term of one year; two directors for a term of two years, and two directors for a term of three years. At each annual meeting thereafter, the members shall elect for a term of three years the number of directors whose terms of office have expired. Each director shall hold office for the term for which elected and until a successor shall have been elected and qualified.

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 secretary-treasurer who need not be a member of the Board of Directors, each of whom

¹³ The Article numbering was changed by the membership at the 2022 Annual Meeting to comport with the elimination of “membership certificates.”

shall hold office until the next annual meeting and until the election and qualifications of a 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. Compensation of officers may be fixed at any regular or special meeting of the members of the corporation. The Board of Directors may establish a fixed fee and expenses of attendance, if any, to be paid to each director for attendance at meetings of the Board of Directors.

Additionally, the Board of Directors may direct payment of expenses for attendance, if any to directors for attendance at national, regional or state meetings of water or other similar cooperatives; at meetings for the purposes of training or educating directors

sponsored by the cooperative or by organizations in which the cooperative is a member; or organization which provide such training and education to directors of cooperatives.¹⁴

Except for such fees and expenses provided herein, directors shall receive no compensation or salaries for their services as directors.

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 must be accompanied by a petition signed by ten percent of the members of the corporation. Such removal shall be voted on at the next regular or special meeting of the members and shall be effective if approved by a vote of a majority of those voting of a quorum is present. The director or officer against whom such charges have been presented shall be informed, in writing, of such charges at least twenty days prior to the meeting, and shall have the opportunity at such meeting to be heard in person or by counsel and to present witnesses; and the person or persons presenting such charges shall have the same opportunity. 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

¹⁴ Compensation for officers and expenses for Board of Directors. This section was amended to add the second paragraph at the 2017 annual meeting by vote of the membership.

vacancy in any office thus created shall be filled by the Board of Directors from among their number so constitute after the vacancy in the board has been filled.

Section 7.¹⁵ No director may serve as such while any spouse or relative is working as an employee of the Cooperative. Likewise, no spouse or relative of a director is eligible for employment at the Cooperative. Furthermore, no person will be employed on a regular full-time basis to work under the direct supervision of a relative.

For the purpose of this policy a person residing in the same household as the employee will be considered for reporting purposes in the same manner as a relative would be treated. For this policy the term "relative" is to include any person related to the director or supervisor within the third degree by consanguinity (blood relative) or within the second degree by affinity (blood relative of employee's spouse). The prohibited degrees of relationship are defined as follows:

First degree	Parent or child of the director/supervisor
Second degree	Grandparent, grandchild or sister/brother of the director/supervisor
Third degree	Great-grandparent, great-grandchild, aunt/uncle niece/nephew of the director/supervisor

¹⁵ Employment of relatives or nepotism. This section was newly adopted by vote of the membership at the 2017 annual meeting.

ARTICLE VIII¹⁶

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 make binding commitments to permit the connection of properties to the system in the future in cases involving proposed construction or development.

b. To select and appoint all officers, 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.

Notwithstanding the foregoing paragraph, any employee previously removed from employment with the Cooperative on account of violation of Cooperative policies and procedures, or who committed other misconduct, may be re-employed (full-time, part-time

¹⁶The Article numbering was changed by the membership at the 2022 Annual Meeting to comport with the elimination of “membership certificates.”

or temporarily) by the Cooperative only with approval of the membership at an annual or called meeting.¹⁷

c. To borrow from any source, money, goods, or services and to make and issue notes and other negotiable or nonnegotiable instruments evidencing indebtedness of the Corporation; to make and issue mortgages, deeds of trust, pledges of revenue, trust agreements, security agreements and financing statements and other instruments evidencing a security interest in the assets of the corporation; and, to do every act and thing necessary to effectuate the same.

d. To prescribe, adopt, and amend, from time to time such equitable uniform rules and regulations as, in its discretion, may be deemed essential or convenient for the conduct of the business and affairs of the Corporation and the guidance and control of its officers and employees, and to prescribe adequate penalties for the breach thereof.

In addition, the directors shall institute and enforce a policy whereby employees of Ford's Valley may not be terminated without good cause, and said policy shall specifically state that employees may not be terminated as a result of a changeover in the composition of the Board of Directors.¹⁸

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

¹⁷ This paragraph was added at the September 2021 annual membership meeting.

¹⁸ This paragraph was added at the September 2021 annual membership meeting.

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 where such are deemed to be necessary by the directors, and to fix and alter the method of billing, time of payment, manner of connection, and penalties for late or nonpayment of the same. The board may establish one or more classes of users. All charges shall be uniform and non-discriminating within each class of users.

Notwithstanding the above, however, neither the directors nor their officers, agents or employees shall cause or allow the provision or delivery of water free of charge, nor waive charges for water already provided or delivered, unless the Cooperative, its officers, agents or employees are at fault or otherwise culpable for such excess discharge of water. This provision, however, shall not apply in the case of provision of water, on occasion, for the purposes of firefighting, road construction, utility service, and other such uses by agencies which are providing services for benefit of the public or for public purposes.^{19 20}

¹⁹ This paragraph was added by the membership at the 2023 annual meeting.

²⁰ This paragraph was amended by the membership at the 2024 annual meeting to broaden the category of purposes for the public benefit.

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 or be the subject of theft insurance coverage, the cost thereof to be paid by the Corporation, and it shall be mandatory upon the directors to so require.²¹

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 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 who has not paid such assessment within 30 days from the date the assessment was due, provided the Corporation must 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 promptly be restored to such a member.

²¹ Language changed at the annual membership meeting held September 2019 to add "the subject of theft insurance coverage."

j. To order that the corporation shall establish and maintain a separate bank account into which \$2,000 or more shall be deposited each month from the revenues derived by the normal operation of the corporation. The accumulated amount shall be used as necessary for repairs and maintenance of the corporation's water tanks, and the account name will reflect this purpose. For any month that this deposit is fiscally impracticable or inadvisable, a record of such shall be included in the minutes of the next board meeting along with a statement of the appropriate officer as to why the deposit did not occur, and as to how the shortage can be made up as quickly as possible. Additionally, any such use of the funds in said account shall be promptly reported to the board of directors and included in the minutes of the next board meeting.²²

ARTICLE IX²³

Duties of Officers

Section 1. Duties of the 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 such papers of the Corporation as 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

²² This section was added by the membership at the 2020 annual meeting.

²³ The Article numbering was changed by the membership at the 2022 Annual Meeting to comport with the elimination of "membership certificates."

checks, contracts, and other instruments in writing on behalf of the Corporation. The President shall perform such other duties as may be prescribed by the Board of Directors.

Section 2. Duties of the Vice-President. In the absence 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 a 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 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 such other time or times as the Board of Directors may require. He shall keep the corporate seal and affix said corporate seal to all papers requiring a seal. He shall keep a proper membership 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 a 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 X²⁴

Benefits and Duties of Members

Section 1. The corporation will install, maintain and operate a main distribution pipeline or lines from the source of the water supply and service lines from the main distribution pipeline or lines to the property line of each member of the corporation, at which points, designated as delivery points, meters to be purchased, installed, owned, and maintained by the corporation shall be placed. The cost of the service line or lines from the main distribution pipeline or lines of the corporation to the property line of each member shall be paid by the corporation. The corporation also may purchase and install a cutoff valve in each service line from its main distribution lien or lines, such cutoff valve to be 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 or both devices is impractical,

²⁴ The Article numbering was changed by the membership at the 2022 Annual Meeting to comport with the elimination of “membership certificates.”

unnecessary to protect the system and the rights of the membership, and/or economically not feasible.

Section 2. a. Each member will be required, at his own expense, to have dug 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 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.

b. Each member is required to make available to the corporation any access to owned or right-of-way property necessary for the corporation to maintain and service the corporation's water lines. This includes, but is not limited to, corporation pipes and lines which run underneath a member's driveway or other manner of ingress or egress to the member's property, or pipes and lines running under other portions of a member's property.

This includes but is not limited to removal, or acquiescence to removal, of concrete, asphalt, soil or other impediments to access. Upon resolving the issue which required

removal of the concrete, asphalt, soil, or other impediment to access, the corporation will make best efforts to restore the property's functionality so as not to inconvenience the member; but the corporation shall not be responsible for making further repairs or improvements beyond making the property usable for those purposes which were interrupted because of the corporation's need for access.²⁵

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 connection charge. The approval by the Board of Directors of additional service lines to an existing member may be made conditional upon such provisions as the Board of Directors determines necessary to protect the interests of other members and to allow for the orderly expansion and extension of the system to serve other property that may need service along the distribution lines of the system. Each service line shall connect with the corporation's water system at the nearest available place to the place of desired use by the member if the corporation's water system has sufficient capacity to permit the delivery of water through a service line at that point without interfering with the delivery of water through a prior service line. If the corporation's water system is inadequate to permit the delivery of water through a service line installed at such place

²⁵ This section (2.b.) was added by the membership at the 2020 annual meeting.

without interfering with the delivery of water through a prior service line, then such service line shall be installed at such place designated by the corporation.

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

Section 5. In the event the total water supply shall be insufficient to meet all of the needs of the members or in the event there is a shortage of water, the corporation may prorate the water available among the various members on such basis as is deemed equitable by the board of directors and may also prescribe a schedule of hours covering use of water for commercial, agricultural or industrial purposes by particular members and require adherence thereto or prohibit the use of water for commercial, agricultural or industrial purposes; provided, that if at any time the total water supply shall be insufficient to meet all of the needs of all of the members for domestic livestock, commercial, agricultural or

industrial purposes, the corporation must first satisfy all of the reasonable needs of the members for domestic purposes before supplying any water for livestock purposes and must satisfy all of the needs for 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 minimal fee charges to the members having such additional service lines and the cost, if any, of resuming the flow of water to such additional service lines shall be borne by the corporation.

SECTION 6. The board of directors shall, with the consent of the Farmers Home Administration, so long as it shall either hold any obligations or insure any financing of the system, prior to the beginning of each calendar year, determine the flat minimum monthly rate to be charged each member during the following calendar year for a specified quantity of water, such flat minimum monthly rate to be payable irrespective of whether any water is used by a member during any month, the amount of additional charges, if any, for additional water which may be supplied the members, and the amount of penalty for late payments, and shall fix the date for payment of such charges. A member to be entitled to the delivery of water shall pay such charges at the office designated by the corporation at

or prior to the dates fixed by the board of directors. The failure to pay water charges duly imposed shall result in the automatic imposition of the following penalties:

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

b. Full payment not made within a period not less than thirty days from the due date may result in the water being shut off from the member's property without any notice thereof to such delinquent member. Upon the payment by the delinquent member of past due water charges, penalties thereon and any reconnection charge, such member shall be entitled to resumption of the water supply. During the time of each suspension of water to a member, such member shall have no right to vote in the affairs of the Corporation.²⁶

ARTICLE XI²⁷

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

²⁶ Language changed at the annual membership meeting held September 2019.

²⁷ The Article numbering was changed by the membership at the 2022 Annual Meeting to comport with the elimination of “membership certificates.”

for depreciation, debt retirement, and other purposes, including those required by the terms of any borrowing transaction. In the event that there should exist such surplus funds or net income, they may be placed in an existing or new reserve account to be used for the early retirement of an outstanding indebtedness or be used for the improvement and/or extension of the corporate facilities as the Board of Directors may determine to be in the best interest of the Corporation and to the extent not otherwise provided for by any contractual arrangement. 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 to members.

CERTIFICATION

We certify that the amendments to the Ford's Valley & Hwy. 278 Water Cooperative's existing bylaws, as indicated in this document, were duly adopted by the members on August 9, 2016, August 8, 2017, September 10, 2019, September 8, 2020, and September 14, 2021, respectively; and that the same are in full force and effect and have not been otherwise amended.

We further certify that these bylaws were duly ratified by the Board of Directors
on the _____ day of _____, 2024.

Given under our hands and the seal of the Corporation, this the _____ day of
_____, 2024.

Felix Firestone, President

Kathy Ingram, Secretary

CATALOG OF AMENDMENTS (beginning with the 2016 annual meeting)

Approved by members of the corporation on August 9, 2016:

Article II and Article VII: Removed Town of Hokes Bluff as the official location of the principal office.
Article V, Section 1 Sub-section A: "Rental Agreement" language added.
Article VII, Section 1: Changed the day and month in which the annual membership meeting is held from the second Monday in January to the second Tuesday in August.
Article VII, Section 4: Quorum changed from 20% to 15%.
Article XII: Added language to allow \$1,500 annually from recycling proceeds to fund benevolence fund to benefit employees. Excess of \$1,500 in recycling proceeds must be placed into capital of cooperative.

Approved by members of the corporation on August 8, 2017:

Article V, Section 1: Section was amended at the 2017 annual meeting to clarify the basis for membership and membership certificates deriving from possessory interest in property.
Article VIII, Section 5: Compensation and expenses for Board of Directors was amended and approved by the members of the corporation at the 2017 annual meeting.
Article VIII, Section 7: This section was newly adopted by vote of the membership at the 2017 annual meeting.

Approved by members of the corporation on September 10, 2019:

Article V, Section 2: Section 2 was amended by vote of the membership at the 2019 annual membership meeting. Amended to read: A member holding multiple certificates shall nonetheless be able to cast only one vote in conjunction with the last section of Section 1 above.
Article V, Section 7: Language changed at the annual membership meeting 2019. Amended to read: Any former member, former account holder, or adult who received water services while regularly residing in a dwelling served by the Corporation, may be required to pay the outstanding balance before being allowed to become a member again or to otherwise access the water delivery system.
Article VII, Section 1: Language was changed at the annual membership meeting held in September 2019 to state the time of the annual membership meeting will be 6:00 p.m.
Article IX, Section 1(g): Language changed at the annual membership meeting held September 2019 to add "the subject of theft insurance coverage".
Article XI, Section 6(b): Language changed at the annual membership meeting held September 2019 to read: Full payment not made within a period not less than thirty days from the due date may result in water being cut off.

Approved by members of the corporation on September 8, 2020:

Article IX, Section 1: Section m. added to establish separate fund for tank repairs.
Article XI, Section 2: Section 2.b. added to require members to give reasonable access to the corporation reasonably necessary for maintenance and installation of corporate lines, including places where members have covered over ground under which corporation water lines run with concrete, soil or other impediments to access.

Approved by members of the corporation on September 14, 2021:

Article VII, Section 4: lowered quorum for membership meetings to ten percent (10%).

Article VII, Section 4: added language for use of pre-printed proxy cards, and procedure for counting proxy cards.

Article IX, Section 1(d): added paragraph regarding duty for policy regarding good cause for termination, specifically disallowing termination resulting from change in composition of Board of Directors.

Article IX, Section 1(b): added paragraph prohibiting rehire of certain terminated employees unless approved by membership at annual or called meeting.

Approved by members of the corporation on September 13, 2022:

Elimination of “Membership Certificates” provisions and related language, removing most of Article VI and merging its provisions into Article V, resulting in changed headings for following Articles. Prior language in Article V, sections 2, 3, 4, 6, and 7, and in was changed to comport with eliminating membership certificates.

Approved by members of the corporation on September 12, 2023:

Article VIII, Section 1, ¶ f.: Addition of second paragraph to section f., restricting the cooperative from delivering water free of charge.