

**BYLAWS
OF
COTTAGE HILL WATER WORKS, 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 Charter of the Corporation.

**ARTICLE II
Name and Location**

- Section 1.** The name of this corporation is Cottage Hill Water Works, Incorporated.
- Section 2.** The principal office of this corporation shall be located in Cottage Hill, Florida. The corporation may maintain additional offices within the franchise district as determined by the Board of Directors.

**ARTICLE III
Seal**

- Section 1.** The seal of the corporation shall have inscribed thereon the name of the corporation and the year of its organization and shall contain the words, Corporation Not for Profit.
- Section 2.** The Secretary-Treasurer of the corporation shall have custody of the seal.
- Section 3.** The seal may be used by 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 October in each year.

ARTICLE V
Membership

- Section 1.** The holders of membership certificates of this corporation are its members. Any person having reasonable accessibility to the source of and who is in need of services provided by the water system or other services operated by the corporation and who receives the approval of the Board of Directors may be admitted to membership upon subscribing for or otherwise acquiring a membership certificate and by signing such agreements for the purchase of water as may be provided and required by the corporation; provided that no person otherwise eligible shall be permitted to subscribe for or acquire a membership in the corporation if the capacity of the corporation's water system is exhausted by the needs of its existing members. There shall be no annual membership fee.
- Section 2.** Each connection for the services rendered by the corporation shall entitle the subscriber for such connection to one membership certificate.
- Section 3.** At any meeting of the members of the corporation, each household shall be entitled to one vote only, regardless of the number of certificates of membership held, provided the household is in good standing for all certificates held. The previous month's bill with notice of the annual membership meeting must be presented for the voting privilege.

Section 4. In case of the death of a member, or if a member ceases to be eligible for membership, or a member willfully fails to comply with the Bylaws, or Rules and Regulations of the corporation, the Board of Directors may terminate his membership by resolution of the Board. Any member whose membership is so terminated for cause, other than ceasing to be eligible, may appeal the action of the Board of Directors to the members at their next regular meeting.

ARTICLE VI

Membership Certificates

Section 1. This corporation shall not have capital stock, but its capital shall be represented by membership certificates.

Section 2. The membership certificates shall be issued to each holder of fully paid membership and shall be numbered consecutively, in accordance with the order of issue. Each membership certificate shall bear the following statements:

MEMBERSHIP CERTIFICATE
IN
COTTAGE HILL WATER WORKS, INCORPORATED
A non-profit corporation incorporated under the laws of the
State of Florida

This is to certify that:

Address: _____

is a member of the Cottage Hill Water Works, Incorporated, and is entitled to its services subject to the provisions of the Charter, Bylaws and Rules and Regulations of the cooperation.

This membership certificate is issued and accepted in accordance with and subject to the conditions and restrictions stipulated in the Charter, Bylaws of the corporation, and amendments to the same heretofore or hereafter made.

Transfers of Membership Certificate shall be made only upon the books of the corporation, on the persons eligible to become members, only with the approval of the Board of Directors and only when the member transferring is free from indebtedness to the corporation, all as more fully set forth in the Charter and Bylaws of the corporation.

No member of this corporation shall be entitled to more than one vote at meeting of the members, regardless of the number of membership certificates held. Every member upon becoming a member of this corporation agrees to sign such agreement for the purchase of water from the corporation as may from time to time be provided and required by the corporation.

Witness the seal of the corporation and the signature of its duly authorized officers this ____ day of ____, 20__.

Secretary-Treasurer

President

Section 3. All transfers of membership certificates shall be made upon the books of the corporation upon surrender of the

certificates covering the same by the holders thereof or by their legal representatives but only with the approval of the Board of Directors and only to persons eligible to become members and only when the transferring member is free from indebtedness to the corporation.

Section 4. Each member agrees to sign such water users' agreements as the corporation shall from time to time provide and require.

Section 5. Certificates not surrendered by members upon termination of membership in the corporation shall be declared void by the Board of Directors, and upon adoption of such a resolution by the board, the Secretary shall so note on the books of the corporation, and thereafter such membership certificate shall be void. Lost certificates may be reissued upon direction and upon such conditions as the Board of Directors may determine.

ARTICLE VII

Meetings of Members

Section 1. The annual meeting of the members of this corporation shall be held at Cottage Hill, Florida, on the Second Thursday in October at 7 P. M. of each year, if not a legal holiday, or if a legal holiday, on the next business day following. The place and time of the annual meeting may be changed by the Board of Directors giving notice thereof to each member not less than ten (10) days in advance thereof.

Section 2. Special meeting of the members may be called at any time by the action of the Board of Directors and such meetings must be called by the President whenever a petition requesting such meeting is signed by at least ten percent of the members and presented to the President 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 specified in the notice.

- Section 3.** Notice of any special meeting of members of the corporation may be given by a notice mailed to each member of record, directed to the address shown upon the books of the corporation, not less than ten nor more than fifty days prior to the meeting. Such a notice shall state the day and hour, place and purpose of the special meeting. Notice of the annual meeting shall accompany the September water billing.
- Section 4.** The members present at any meeting of the members shall constitute a quorum at any meeting of the corporation for the transaction of business, provided, however, there are not less than 15 members in good standing present. There shall be no voting by proxy. Attendance at regular or special meetings of the members shall be limited to voting members, except by specific invitation of the Board of Directors.
- Section 5.** Directors of this corporation shall be elected at the annual meeting of the members. No cumulative voting shall be allowed. Each member may cast one vote for each vacant director's seat. Vacant seats will be filled by those persons receiving the highest number of votes. Voting shall be by only those members present and accounted for by the Secretary at the time of the official call to order.
- 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 report of Secretary as to number present.
 2. Proof of notice of meeting, if required.
 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.** The Board of Directors of this corporation shall consist of seven members, all of whom must be residents of the Cottage Hill water franchise district. At each annual meeting, the members shall elect for a term of three years the number of directors whose terms have expired.
- Section 2.** The Board of Directors shall meet within ten 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, 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.
- Section 5.** Directors shall receive no compensation for their services as such.
- Section 6.** Officers and directors may be removed from office for good cause in the following manner: Any member, officer or director may present charges against a director of officer by filing them in writing with the Secretary-Treasurer 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 of the Corporation. The director

of officer against whom such charges have been presented shall be informed, in writing, of such charges ten days prior to the meeting; the person or persons presenting such charges shall have the opportunity at such meeting to be heard in person or by counsel and to present witnesses, and the person against whom the charges are made 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 any office thus created shall be filled by the 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 Charter, 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 (to be exercised by resolution duly adopted by the Board) in respect to the matters and as hereinafter set forth:

- a. To pass upon the qualifications of members, and to cause to be issued appropriate certificates of membership.
- b. To select and appoint all officers, agents or employees of the corporation for just cause, 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 and transferable instruments, mortgages, deed of trust, and trust agreements 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 their discretion may be deemed necessary, 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 penalties for the breach thereof.
 - e. To order, at least once each year an audit of the books and the accounts of the corporation by a competent certified public accountant. The report prepared by such 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 any parties as may be required by other agreements. Members may request copies, also.
 - f. To fix the charges, rates and connection fees, to be paid by each member for service rendered by the corporation to him, the time of payment and the manner of collection.
 - g. To require all officers, agents and employees charged with the 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 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 of 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.

- i. With the approval of a majority of the members present at any regular or special meeting, to levy assessment against the membership certificates of the corporation and to enforce the collection of such assessments by the forfeiture of delinquent certificates. The Board of Directors shall have the option to declare forfeited any membership certificate on which assessment has not been paid, at any time after ninety days from the date the assessment was due, provided that the corporation must give the member at least thirty days written notice at the address of the member on the books of the corporation, of its intention to forfeit the certificate if the assessment is not paid. No personal liability shall be placed upon any member because of any assessment beyond the value of the membership certificate, and enforceable only against the membership certificate.

Section 2. Any Board member up for reelection must be present at the Annual Meeting.

Section 3. No Board member's relative may be employed by the Cottage Hill Water Works. No employee may serve as a Board member.

ARTICLE X

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 members and 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 duties as may be prescribed by the Board of Directors.

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 of President vacant and elect a successor.

Section 3. Duties of the Secretary-Treasurer: The Secretary-Treasurer shall keep a complete record of all meeting 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 sign all membership certificates with the President and such other papers pertaining to the corporation as he may be authorized or directed to do so by the Board of Directors. He shall serve 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. He shall keep the corporate seal and membership certificates, records of the corporation, and complete and counter sign all certificates requiring seal. He shall keep a proper membership certificate record, showing the name of the member of the corporation, address and date of issuance, surrender, cancellation or forfeiture. He shall make all reports required by law and shall perform for such other duties as may be required of him by the corporation or the Board of Directors. Upon the election of his 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 perform such duties with respect to the finances of the corporation as may be prescribed by the Board of Directors.

ARTICLE XI

Benefits and Duties of Members

- Section 1.** The corporation will install, maintain and operate a main distribution pipe line or lines from the source of water supply and service lines from the main distribution pipe line 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 from its main distribution line or lines shall be paid by the corporation. The corporation will also purchase and install a cut-off valve in each service line from its main distribution line or lines, such cut-off 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 such cut-off valve.
- Section 2.** Each member shall be entitled to purchase from the corporation, pursuant to such agreements as may from time to time be provided and required by the corporation, such water 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 a single service line only such water as may be necessary to supply the needs of such member, including his family, business, agricultural or industrial requirements. The water delivered through each service line shall be metered and the charges for

such water shall be determined separately, irrespective of the number of service lines owned by the member.

Section 3. In the event the total water supply shall be insufficient to meet all of the needs of the members or in the event there is a shortage of water, the corporation 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 members for domestic purposes before supplying any water for livestock purposes and must satisfy all of the needs of all of the members for domestic and livestock purposes before supplying any water for commercial and industrial purposes.

Section 4. The Board of Directors shall, with the consent of USDA or other lender so requiring, so long as it shall either hold or guarantee 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, and the amount of any additional charges, if any, for additional water such may be supplied the members, shall fix the date for the payment of such charges, and shall notify each member of the amount of such charges and the dates for payment thereof.

- a. Payments made more than 10 days after the due date will be assessed a penalty charge equal to 10% of the amount due.

- b. Failure to make payment within 25 days after the due date will result in water service being shut off.
- c. Nonpayment for sixty days after original due date will allow the corporation, in addition to all other rights and remedies, to cancel the member's membership certificates and terminate his membership, and in such event the member shall not be entitled to receive, nor the corporation obligated to supply, any water under this agreement.

Section 5. The Board of Directors shall be authorized to require each member to enter into water users agreements which shall embody the principles set forth in the foregoing sections of this article.

ARTICLE XII

Distribution of Surplus Funds

It is not anticipated that there will be any net income. If there should be any, then at the end of the fiscal year, after paying expenses of the corporation for operation and otherwise, and after setting aside reserves for depreciation on all buildings, equipment and office fixtures, and such other reserves as the Board of Directors may deem proper, and after providing for payment on interest and principal of obligations and amortized debts of the corporation, and after providing for the purchase of proper supplies and equipment, the net earning shall be accumulated in a surplus fund for the purpose of replacing, enlarging, extending and repairing the system and property of the corporation and for such other purposes as the Board of Directors may determine to be for the best interests of the corporation.

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, except so long as any indebtedness is held by or guaranteed by lenders, 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 without the prior approval of the lenders in writing. Notice of any amendment to be made at a special meeting of the members must be given at least 10 days before such meeting and must set forth the amendments to be considered.

We certify that the foregoing Bylaws were duly adopted by the members on the 12th day of October, 2006, 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 9th day of MARCH, 2007.

Eileen Webster
Secretary-Treasurer

Frank E. Ellor
President

CERTIFIED TRUE AND CORRECT COPY OF THE BYLAWS.

THIS 9th DAY OF MARCH, 2007.

Judith H. Vaughan
Notary Public

