

SOUTHERN MONROE WATER AUTHORITY

BY-LAWS

ARTICLE I: GENERAL INFORMATION

Section 1. Pursuant to a resolution passed by the Board of Directors and approved by the Secretary of State of Indiana (as authorized by Indiana Code 13-18-16-16), effective August 27, 2012 the name of the company shall be Southern Monroe Water Authority.

Section 2. The offices of this company are currently located at 5790 South Fairfax Road, Bloomington, Indiana, 47401-9341, and shall remain at that location or be moved to another location, within Monroe County, Indiana, as is designated by the Board of Directors.

Section 3. This company shall possess a seal, and the Secretary shall have custody of the seal, which shall have inscribed upon it the name of the company, Southern Monroe Water Authority.

Section 4. The fiscal year of the Southern Monroe Water Authority shall be the same as the calendar year.

ARTICLE II: MEMBERSHIP

Section 1. Any person or business/political entity owning real estate in the territory served by the Southern Monroe Water Authority having reasonable accessibility to the then existing water system may become a member of the Southern Monroe Water Authority.

Section 2. All new members must be approved by the Board of Directors, and as a condition of membership sign such Water User Agreements, Easements, and other documents as are required by the Board of Directors.

Section 3. No person or business/political entity (otherwise eligible to become a member) shall be approved for membership if the capacity of the Southern Monroe Water Authority's water system is exhausted by the needs of its existing members.

Section 4. A fee approved by the Board of Directors shall be paid by the applicant for membership in addition to the then approved hook-on ("tap") fee.

Section 5. If a member dies and is survived by his or her spouse (who is an owner of the real estate which made the deceased spouse eligible for membership), the membership may be, at the request of the surviving spouse, transferred to that surviving spouse without a transfer fee being paid. The surviving spouse must comply with all provisions of these By-Laws, as well as other rules and regulations of the Southern Monroe Water Authority.

Section 6. If a member fails to comply with these By-Laws or other Rules and Regulations adopted by the Southern Monroe Water Authority, or willfully obstructs the purpose and proper activities of the Southern Monroe Water Authority, that membership may be terminated by the Board of Directors.

Section 7. Transfers of membership shall be reflected upon the records of the Southern Monroe Water Authority. Only persons (and business or political entities) eligible to become members may be approved by the Board of Directors, and the member transferring must be free from indebtedness to the company.

Section 8. No member shall be entitled to more than one vote at a meeting of the members. Every member upon becoming a member of this company agrees to sign such agreements for the purchase of water as may from time to time be provided and required by the Southern Monroe Water Authority, and the member agrees (in case the member desires to dispose of his membership) to do so in exchange for a refund of the membership fee that was paid by the member (less any indebtedness owed by the member to the company). No membership may be assigned or transferred without the express approval of the Board of Directors of the Southern Monroe Water Authority.

ARTICLE III: ANNUAL AND SPECIAL MEETINGS

Section 1. The annual meeting of the members shall be held at the office of the Southern Monroe Water Authority located at 5790 South Fairfax Road, Bloomington, Indiana, 47401-9341 (or at such other location as is designated by the Board of Directors and identified in notices to the members). The annual meeting will be at 8:00 p.m. on the second week of January of each year pursuant to written notice unless the Board of Directors designates a different date or time and provides notice thereof to the members. The annual notice shall be mailed by first-class mail

to each member of record, directed to the address shown on the books (or will be posted on our web site), at least ten (10) days prior to the meeting, and the notice of the meeting may be stated on the current billing, if there is space to do so. If there is additional space on the current billing to list the names of those individuals nominated to serve on the Board of Directors, that information shall be included on the written notice mailed to the members or will be listed on our web site. No failure or irregularity of the notice of any annual meeting, regularly held, shall affect any proceedings taken during the meeting.

Section 2. Special meetings of the members shall be held at the office of the Southern Monroe Water Authority currently located at 5790 South Fairfax Road, Bloomington, Indiana, 47401-9341, or at such other location as is designated by the Board of Directors. Special meetings may be called by the Board of Directors, and special meetings must be called when a petition requesting a special meeting is signed by at least ten percent (10%) of the members and is then presented to the Secretary of the Board of Directors. The purpose of every special meeting shall be stated in the notice thereof, and no business shall be transacted at the special meeting except as is specified in the notice. Such notice shall be mailed to each member of record directed to the address shown on the records of the Southern Monroe Water Authority, at least ten (10) days prior to the meeting. The notice shall state the nature, time, place, and purpose of the special meeting, but no failure or irregularity of the notice of any special meeting shall affect any proceedings taken during that meeting.

Section 3. The members present at any meeting of the members shall constitute a quorum at any meeting for the transaction of business. No member shall be entitled to more than one vote.

Section 4. The order of business at a regular or special meeting of the members shall be set by the President and may include:

- A. Call to order and proof of quorum.
- B. Proof of notice of meeting.
- C. Reading and action on any unapproved minutes.
- D. Reports of officers and committees.
- E. Unfinished business.

F. New business.

G. Adjournment.

ARTICLE IV: BOARD OF DIRECTORS

Section 1. The Board of Directors of the Southern Monroe Water Authority shall consist of seven (7) members, all of whom shall be members of this company. The directors shall serve until their successors are elected. All directors shall be elected for a term of three (3) years, and the election of new directors shall be by the members of the annual meeting of the members. All members shall be notified by mail prior to the 15th day of November of the nominating procedures and schedule for application. All nominations for directors shall be made by filing a form specifying name, address, occupation, qualifications and reason for application at the Southern Monroe Water Authority office by the close of business on December 1. Each application shall be signed by the applicant and a Southern Monroe Water Authority employee or director with a duplicate signed copy provided to each applicant. Names of a nominee shall be posted in clear view at the Southern Monroe Water Authority office immediately after the nominations are closed. Names shall be listed on a ballot to be used for voting at the January meeting. Nominations from the floor will not be accepted.

Section 2. The Board of Directors shall meet within ten (10) days after their election and shall elect by ballot a President, Vice President, Secretary, and Treasurer from their number, each of whom will hold office until the next annual meeting and until election and qualification of his successor unless sooner removed by death, resignation or for cause.

Section 3. Special meetings of the Board of Directors may be called by the President, and held at any place stated in the notice thereof, upon giving of ten (10) days' notice, orally or in writing, without the necessity of stating the purpose of the meeting. Notice of any special meeting may be waived by the members of the Board, and the presence of any director at any such meeting shall constitute a waiver of notice thereof.

Section 4. If the office of any director or officer becomes vacant by reason of death, resignation, retirement, disqualification or otherwise, except by removal from office, a majority of the remaining directors shall choose a successor who shall

hold office until the next meeting of the members, at which time the members shall elect a director for the unexpired term or terms.

Section 5. Directors and officers should receive allowable compensation for serving. The Board of Directors may establish and set compensation. At the annual meeting the chairman will present the proposed allowable expenses as part of the annual budget to the membership. Compensation will not be given to a director who is absent from a regular meeting for that meeting.

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 Authority. The charges must be accompanied by a petition signed by ten percent (10%) of the membership of the company. Such removal shall be voted on at the next regular or special meeting of the members approved by a vote of the majority of the members present. The director or officer against whom such charges have been presented shall be informed in writing of such charges thirty (30) days prior to the meeting, and shall have the opportunity 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 association. A vacancy in the Board thus created shall immediately be filled by a vote of a majority of the members present and voting. 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 V: POWERS AND AUTHORITY OF BOARD OF DIRECTORS

Section 1. The Board of Directors, subject to restrictions of law or these By-Laws, shall exercise all of the powers of the company, and without prejudice to or limitation upon their general powers as provided by Indiana law. The Board of Directors is expressly given full power and authority upon approval of the members of the Board of Directors by a majority vote at a regular or special meeting, as set forth herein:

- A. To pass upon the qualifications of members and to approve or disapprove of new members.

- B. To select and appoint all officers, agents and employees and removal of same for just cause, fix their compensation and pay for services, and prescribe their duties consistent with these By-Laws.
- C. To borrow from any source, money, goods, or services and to make and issue notes and other negotiable and transferable instruments and to do every act necessary to effectuate the same.
- D. To prescribe, adopt, and amend, from time to time, such equitable uniform rules and regulations as, in their discretion, may be deemed essential or convenient for the conduct of the business and affairs of the company and the guidance and control of its officers and employees, and to prescribe adequate penalties for breach thereof.
- E. To secure annual audits of the records, books, and accounts of the Southern Monroe Water Authority consistent with the provisions of Indiana Code 13-18-16-16, and to have the results available for inspection by the membership.
- F. To fix charges to be paid, the time of payment, and manner of collection by each member for services rendered to him.
- G. To require adequate bonds, the cost thereof to be paid by the company, by all officers, agents and employees charged with responsibility for custody of any funds of the members.
- H. To select the bank or banks to act as depositories of the funds provided such funds are covered by insurance. To determine the manner of receiving, depositing, and disbursing of funds, the form of checks and the person or persons by whom the same shall be signed with the power to make changes thereof at will.
- I. To levy assessments against the memberships of the Southern Monroe Water Authority and to enforce the collection of such assessments in the manner provided for the enforcement of collection of water charges in Article VII, Section 5, of these By-Laws by the termination of memberships failing to pay such assessments within the time prescribed for payment. Prior to termination of a membership, the Board of Directors must give the member failing to pay such assessments within

the time prescribed for payment at least thirty (30) days' written notice of the intent to terminate the membership if not paid by a specified date. That written notice must be sent to the last address of the member as reflected by the records and books of the Southern Monroe Water Authority.

ARTICLE VI: DUTIES OF OFFICERS

Section 1. Duties of President. The President shall preside at all meetings of the association and of the Board of Directors; shall call special meetings of the Board; shall perform such other duties as may be prescribed in these By-Laws or assigned to the President by the Board of Directors; and shall sign such papers and documents as the President may be authorized or directed to sign by the Board of Directors.

Section 2. Duties of Vice-President. The Vice-President shall act as aide to the President and shall perform the duties of the President in the absence or inability of that officer to serve.

Section 3. Duties of Secretary. The Secretary shall record the minutes of all meetings of the company and of the Board of Directors. The Secretary shall serve all notices required by law and these By-Laws and shall make a full report of all matters pertaining to the office of the Secretary to the members at the annual meeting. The Secretary shall keep the seal, records of the Southern Monroe Water Authority and shall affix the seal to all papers requiring same. The Secretary shall keep a proper membership record showing the name, date of membership, surrender date, and cancellation, forfeiture, or termination date. The Secretary shall perform such duties as may be delegated to the Secretary, including the turnover to the successor of the Secretary, all books and other property belonging to the company that the Secretary may have in the Secretary's possession.

Section 4. Duties of Treasurer. The Treasurer shall receive all monies of the company, shall keep an accurate record of receipts and expenditures and shall pay out funds as authorized by the company. The Treasurer shall present a financial statement every meeting to the Board of Directors and at other times when requested by the Board and shall make a full report at the annual meeting. If required by the Board of Directors, the Treasurer shall cause to be issued a fidelity bond (at the expense of the Southern Monroe Water Authority) in an amount as specified, from time to time, by the Board of Directors of the Southern Monroe Water Authority.

Section 5. General Duties of Officers. All officers shall perform the duties prescribed in the parliamentary authority in addition to those outlined in these By-Laws and those assigned from time to time. The officers shall deliver to their successors all official material, records, and property within ten (10) days following the meeting at which the new officers are elected and qualified.

ARTICLE VII: OBLIGATION OF AUTHORITY AND ITS MEMBERS

Section 1. The Southern Monroe Water Authority 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 line or lines to the property line of each member of the company, at which points, designated as delivery points, meters to be purchased, installed, owned and maintained by the company shall be placed. The cost of the service line or lines from the main distribution line or lines of the company to the property line of each member shall be paid by the company, absent a special contract entered into by the parties for a line extension. The Southern Monroe Water Authority will also 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 company and to be installed on some portion of the service line owned by the company. The company shall have the sole and exclusive right to use such cutoff valve to turn it on or off.

Section 2: Each member shall be entitled to not exceed one service line from the company's water system unless otherwise approved by the Board of Directors and provided that the member shall be required to pay the prevalent tap fee for each service line. No new service line or change in an existing service line may be made which will interfere with an existing service line or the delivery of water therein. Each service line shall connect with the company's water system at the nearest available place to the place of desired use by the member if the company's water system shall be of sufficient capacity to permit the delivery of water through a service line at that place without interfering with the delivery of water through a prior service line. If the company's water system shall be 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 as may be designated by the company. Each member will be required to dig or have dug a ditch, to purchase and install, and to maintain such portion of the service line or lines from the water meter of the member to his own dwelling or other place of use on his premises at his own expense, provided that the company may, if

the Board of Directors so elect, 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 member.

Section 3. Each member shall be entitled to purchase, pursuant to such agreements as may from time to time be provided and required, such water for domestic or other purposes as a member may desire, subject to the provisions of these By-Laws and to such rules and regulations as may be prescribed by the Board of Directors.

Section 4. In the event the total water supply shall be insufficient to meet all the needs of the members or in the event of a water shortage the company may pro-rate the water available among the various members on such basis as is deemed equitable by the Board of Directors.

Section 5. The Board of Directors shall, prior to the beginning of each calendar year, study the financial records of the authority for the purpose of determining whether to consider adjusting the water rates of the Southern Monroe Water Authority's members up or down in a given rate structure. If the Board of Directors deem water rates need to be adjusted, a rate study may be contracted by the Board of Directors with a consulting firm dealing in determining utility water rates. If said study shows water rates need to be adjusted and a petition before the Indiana Utilities Regulatory Commission is necessary, such will be presented for approval of any and all water rates to be charged authority members.

Section 6. The minimum monthly rate as established in the water rate schedule will be payable irrespective of whether any water is used by a member during any month. The Board of Directors shall fix the date for the payment of such charges, and shall notify each member or cause each member to be notified of the amount of such charges and dates for the payment thereof. A member to be entitled to the delivery of water shall pay such charges at the office of the authority 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 fines and penalties, all as are at that time set forth in the Rules, Regulations, and Policies of the Southern Monroe Water Authority consistent with tariffs and filings with the Indiana Utilities Regulatory Commission (IURC). The failure to pay water charges in a timely manner as prescribed by the Southern Monroe Water Authority will result in the water being shut off from the member's property.

Section 7. The Board of Directors shall be authorized to require each member to enter into a Water User's Agreement which shall embody the principles set forth in this Article VII.

ARTICLE VIII: INCOME AND RESERVE FUNDS

Section 1. If there is any net income at the end of the fiscal year, after paying all costs of operation and maintenance, the Southern Monroe Water Authority may set aside reserves for depreciation on buildings, equipment, etc. and set aside such other reserves as may be deemed proper to provide for the payment of interest and principal of obligations and debts and to provide for the purchase of proper supplies and equipment. Further, reserve funds may be established for the purpose of replacing, enlarging, extending, and repairing the water system and property of the Southern Monroe Water Authority and for such other purposes as the Board of Directors may determine to be in the best interest of the Southern Monroe Water Authority.

Section 2. Any part of the whole of such apportionment may be credited at the discretion of the Board of Directors to the indebtedness of the members, should any exist, and in such case, the members shall be notified in writing of the amount so applied.

ARTICLE IX: ROBERT'S RULES OF ORDER

The rules contained in Robert's Rules of Order, the latest revision, shall govern the authority in all cases to which they are applicable, and which are not inconsistent with the By-Laws or special rules of the Southern Monroe Water Authority. The Board of Directors, if it elects to do so, may appoint one of its members to serve as Parliamentarian.

ARTICLE X: AMENDMENT OF BY-LAWS

Amendments of these By-Laws may be adopted by a vote of a majority of the members present at any special meeting of the Southern Monroe Water Authority if the members have been given at least twenty (20) days' written notice of said meeting. The notice should contain a copy of the proposed amendment or amendments, or if deemed too lengthy to send a complete copy to each member, a

summary of the amendments will be deemed to be satisfactory and in compliance with this notice requirement.