

CODE OF REGULATIONS  
CHOCTAW UTILITIES, INC.  
REVISED AND EFFECTIVE  
**X Month Year**

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## **ARTICLE I GENERAL PURPOSES**

101. The purpose for which this Company is formed, and the powers which it may exercise are set forth in the Articles of Incorporation of the Company.

## ARTICLE II NAME AND LOCATION

201. The name of this Company is Choctaw Utilities, Inc.
202. The principal office of this Company shall be located at 2005 Itawamba Trail, London, Ohio, but the Company may maintain offices and places of business at such other places within the State as the Board of Directors may determine.
203. The statutory agent of the Company is Mike Casimir.

### **ARTICLE III SEAL**

301. The seal of the Company shall have thereon the name of the Company and the State of incorporation. The seal shall be circular, about two inches in diameter, with the name of the Company engraved around the margin and the word "SEAL" engraved across the center.
302. The secretary of the Company shall have custody of the seal. If deemed advisable by the Board of Directors, a duplicate seal may be kept and used by any other officer of the Company.
303. The seal may be used by causing it or a facsimile thereof be impressed or affixed or reproduced or otherwise. Any documents executed as authorized by the Board of Directors shall be valid without the corporate seal affixed thereto.

#### **ARTICLE IV FISCAL YEAR**

401. The fiscal year of the Company shall begin the first day of March in each year and end on the last date of February next following, unless otherwise determined by the Board of Directors.

## ARTICLE V MEMBERSHIP

501. Any owner of a dwelling located on a lot in the Choctaw Lake Subdivision as delineated on the recorded maps thereof numbered 1, 2, 3, 3A, 4 and 6 recorded in the Office of the Recorder, Madison County, Ohio, (an "Owner"), having reasonable accessibility to the source of and who is in need of having water supplies for domestic purposes from the water system operated by the Company, for uses which are permitted by the Revised Amendment of Restrictive Covenants dated May 19<sup>th</sup>, 1988 filed with the Madison County Recorder at Vol. 276 Page 309 and as amended in the future (the "Restrictive Covenants"), will be admitted to membership by signing such agreements for the purchase of water as may be provided and required by the Company; provided that no person otherwise eligible shall be permitted to subscribe for or acquire a membership of the Company if the capacity of the Company's water system is exhausted by the needs of its existing members. There shall be no membership fee.

501.01. Customers Prior to **XXXXXXXX, \_\_\_\_\_ (adoption date) 2022**: An Owner whose property previously received water from \_\_\_\_\_ and requires water for use in compliance with the Restrictive Covenants, will become a member upon execution of a "Water Users Agreement" provided by the Company.

501.02. Customers After \_\_\_\_\_ (adoption date) **XXXXXXXX, 2022**: An Owner who requires water for use in compliance with the Restrictive Covenants and did not receive water from \_\_\_\_\_ prior to \_\_\_\_\_ (adoption date) will become a member when they execute the Water Users Agreement provided by the Company and pay the existing tap in full as required by the Company.

The privileges of membership may be exercised by the spouse of a member.

502. In case of the death of a member or if a member ceases to be eligible to hold membership as provided in Section 501, or willfully fails to comply with these Regulations and other requirements, or willfully obstructs the purposes and proper activities of the Company, the

Company, through the Board of Directors, may elect to terminate their membership. Any member whose membership is so terminated for cause other than that of ceasing to be eligible may appeal from the action of the Board of Directors to a vote of the members at the next regular meeting of the members or a special meeting of the members called for such purpose. Members shall also include those customers of systems or portions thereof acquired by the Company who were customers of those systems at the time of acquisition of the system by the Company, provided however, they meet all other qualifications except for having signed a Water User's Agreement.

503. Voting; Rights and Interest

503.01. A member of the Company shall be entitled to cast the number of votes in person equal to the number of active taps owned. Every member upon becoming a member of the Company agrees to sign such agreements for the purchase of water from the Company as may from time to time be provided and required by the Company.

503.02. The rights and interest of the members in the savings of the organization will be determined in proportion to their business with the organization, and the organization will maintain such records as are necessary to determine each member's rights and interest in the savings of the organization.

504. Each member agrees to sign such Water User's Agreement as the Company shall from time to time provide and require.

504.01. Patronage transaction is the amount a member pays for water services from the Company.

505. A "Member in Good Standing" is defined as Member whose account with the Company is current with water payments to a period within the previous sixty (60) days.



## ARTICLE VI MEETINGS OF MEMBERS

601. The annual meeting of the members of this Company shall be held at the designated place and time on the first Monday of March at 7 p.m. of each year, if not a legal holiday, or if a legal holiday, on the next business day following. Notice of the annual meetings must be sent 10 days prior by electronic means (email of record, with the Company or electronic signage posted at the entrances to the Choctaw Subdivision, ) and/or mail to each member of record.
602. Notice of special meetings of the Company may be given by electronic means (email of record, with the Company or electronic signage posted at the entrances to the Choctaw Subdivision, ) and/or mail to each member of record, directed to the address shown upon the books of the Company, no less than two (2) business days before the meeting. Such notice shall state the nature, time, place, and purpose of the meeting. No failure or irregularity of notice of any annual meeting, regularly held shall affect any proceedings taken thereat. Except as otherwise provided by law, no publication of any notice of a meeting of shareholders shall be required. Notice of any meeting of shareholders shall not be required to be given to any shareholder who shall waive such notice in writing either before or after such meeting.
603. A quorum for the transacting of business at any meeting of members shall be seventy-five (75) or more of the Members in Good Standing. If a quorum is not present at any meeting of members, a majority of the members present may adjourn the meeting from time to time .
604. Only members in Good Standing shall be entitled to cast the number of votes in person equal to the number of active taps they own. "Active taps" shall mean a tap upon which all timely payments have been made and the monthly charge is current to within sixty (60) days prior to the meeting.
605. Regularly scheduled meetings of the Board of Directors shall occur in March, May, July, September, November, January and February.

606. The new fiscal year budget shall be prepared before February 1 of each year and presented to the Board of Directors and voted on at the February meeting.
607. Directors of this Company shall be seated at the March annual meeting of the members.
608. Order of Business.
- 608.01. The order of business at the regular meetings and so far, as possible shall be:
- A. Calling to order and proof of quorum.
  - B. Proof of notice of meeting.
  - C. Reading of the minutes and approval of same from the previous annual meeting.
  - D. Treasurer's Report
  - E. Approve Budget for new Fiscal Year (February only)
  - F. Election of Officers. (March only)
  - G. Old business.
  - H. New business.
  - I. Adjournment
609. Any person who disrupts the meeting shall be removed from the meeting.
610. Any member wishing to propose an item of new business, including removal of a Director as provided in Section 1009, for consideration by the membership at an annual meeting shall give written notice to the Secretary of the Company of the nature of the matter to be proposed or considered at least twenty (20) days prior to the date of the annual meeting. This Section shall not apply to any items of new business proposed or introduced by the Board of Directors.
611. A Special Meeting of the members can be called by the President, or by a majority of the Directors acting with or without a meeting, or twenty-five percent (25%) of all members as evidenced in writing at the time of the calling of such meeting and then entitled to be voters at a meeting of the members. Upon delivery to the President or Secretary of a request

in writing for a meeting of the members by any persons entitled to call such meeting, it shall be the duty of the officer to whom the request is delivered to give notice to the members of such meeting. Said request shall specify the objects or purposes and the date and hour for such meeting. The notice date of the meeting shall be at least twenty (20) working days prior to the date of the meeting.

612. No electronic recording shall be made of the procedures of a meeting of the members, except by authorization of the Board of Directors.

613. All meetings provided for in these Regulations shall be conducted in accordance with the latest edition of *Robert's Rules of Order, Revised*, unless otherwise directed by these Regulations or by resolution of the Board of Directors. The President shall be the parliamentary procedure officer and the decisions of such President with respect to matters of parliamentary procedure shall be final.

614. Electronic motion shall be voted upon by all Directors and must be unanimous to carry and all votes must occur within 10 days of the date of the initial motion.

## **ARTICLE VII ELECTION OF DIRECTORS**

### 701. Nominating Committee and Nomination Process

701.01. Prior to an annual meeting of the Members at which one or more Directors are to be elected, the President shall appoint a Nominating Committee on or before October 15<sup>th</sup> of three (3) to five (5) members, of who must be Members in Good Standing, none of whom may be currently serving on the Board at the time of appointment. The Nominating Committee shall have the responsibility to conduct the annual election at the time and date set by the Board of Directors. The duties and restrictions placed upon said committee are as follows:

A. Nominations – Said committee shall solicit applications from Members in Good Standing to be candidates for the office of Director. The committee will receive applications in the form directed by the committee which shall include relevant information relating to the candidates. The committee shall check and certify as qualified all candidates seeking to be elected to the Board of Directors.

701.01.A.1. The committee will not certify more than three (3) candidates for any one position on the Board of Directors.

701.01.A.2. No applications of candidates will be accepted later than December 1<sup>st</sup> of each fiscal year in which an election is to be conducted.

B. Publicity – Said committee shall be responsible for obtaining relevant information from all applicants, and take such action as is necessary for the relevant information of each approved applicant to be a candidate prior to December 10<sup>th</sup>, to be published in either a regular or special edition of a newsletter to all members prior to the election.

701.01.B.1. All Elections to the Board of Directors shall be made on a written or electronic ballot provided by the Nominating Committee, which shall:

701.01.B.1.1. Describe the vacancy to be filled.

701.01.B.1.2. Be distributed on the basis of one ballot for each Member in Good Standing, except that a Member in Good Standing who owns more than one lot with an active tap shall receive a vote per tap.

701.01.B.2. After voting, each ballot shall be returned in a sealed envelope marked "Ballot" but not marked in any other way. Each such "Ballot" envelope shall contain only one (1) ballot and the inclusion of more than one ballot in any "Ballot" envelope shall disqualify the return. Each such "Ballot" envelope shall be placed in another sealed envelope, which shall bear on its face the name of the member, lot number, and such other information as the Board may determine will serve to establish the right to cast the vote presented in the ballot contained therein. This outer envelope shall be addressed and returned to the "Ballot Counting Committee" at a designated P.O. Box, in London, OH 43140.

701.01.B.3. Ballots shall be picked up from the P.O. Box periodically by the Patrol Chief. The ballots shall remain in their possession in a secure place until the ballots are turned over to the ballot committee after the election is closed.

701.01.B.4. When secure electronic balloting becomes available, the ballot committee shall formulate procedures for the completion and counting of those ballots.

701.01.B.5. When electronic balloting becomes available, a member must elect to participate in the electronic balloting in writing, otherwise the member will receive all ballots pursuant to the procedures outlined above.

701.02. Ballot Counting Committee: The Board of Directors will appoint three (3) Members in Good Standing to serve as Election Inspectors whose duty it shall be to the best of their ability, to receive and count the ballots cast. This committee shall receive the "Ballot" envelope, each in its outer envelope as described in 701.01.B.2 and immediately place it in a safe or other locked place until the day fixed by the Board of Directors for the counting of such ballots. On that day the Ballot Counting Committee shall:

- A. Examine the external envelopes containing the "Ballot" envelopes to establish that such member is a Member in Good Standing. Such procedure shall be taken in such a manner that the vote of any member shall not be disclosed to anyone, including the Ballot Counting Committee. The outside envelope shall thereupon be placed in a safe or locked place.
- B. The Ballot Counting Committee shall proceed to opening the "Ballot" envelopes, and the counting of the votes. If any "Ballot" envelope is found to contain more than (1) ballot, all ballots in such envelope shall be disqualified.
- C. It shall tabulate the results of the voting and certify the winning candidates to the Nominating Committee and the Board of Directors. The three candidates receiving the highest number of votes shall be deemed winners

to fill the vacancies for three-year terms. Any vacancies for shorter than three-year terms shall be filled by the persons receiving the next highest number of votes, first for two-year terms, then for one-year terms. In case of a tie for the third vacancy to be filled, the winner will be determined by a coin toss.

- D. The Ballot Counting Committee thereafter shall cause each Director elected to be notified and secure assurance that the candidates will accept the office to which they have been elected.
- E. All outside envelopes, ballots and statements of candidacy shall be retained at the office of the Company for a period of one year.
- F. If there are five (5) or less votes between possible winning candidates, then a recount will be conducted by the Board of Directors.

**ARTICLE VIII RESERVED FOR LATER USE**



801.

**ARTICLE IX RESERVED FOR LATER USE**

## **ARTICLE X DIRECTORS AND OFFICERS**

1001. The number of the members of the Board of Directors shall be determined pursuant to law, by resolution of the members entitled to vote, but shall not be less than seven (7) members. New directors shall be seated and assume duties and responsibilities after the conclusion of the February meeting of the Board of Directors, pursuant to Section 1002.01 below. Directors shall hold office until the expiration of the term for which they were elected and shall continue in office until their respective successors shall have been duly elected and qualified.

1001.01. A Director shall meet the following qualifications:

- A. Be a Member in Good Standing of this Company
- B. Not be convicted of a felony
- C. Not be an employee of the Company
- D. Cannot hold paid public office in the county of Madison Ohio or another county adjacent to Madison County Ohio
- E. Must adhere to the Company rules and regulations and the Water User's Agreement

1002. Term of Office.

1002.01. The Board of Directors will consist of seven (7) with terms as follows:

- A. The number of directors shall consist of seven (7) active members. Three (3) Directors are to be elected annually for a three (3) year term, except for every third (3<sup>rd</sup>) year where two (2) directors will be elected for a three (3) year term.
- B. One (1) Director shall be appointed the additional duty of liaison to the Choctaw Lake Property Owners Association Board of Trustees for one year beginning in March of every year.

1003. The Board of Directors shall at the conclusion of the February meeting of Directors elect by roll call vote a President, Vice-President, Secretary, and Treasurer from among themselves, each of whom shall hold office until the next annual meeting and until the election and qualification of their successor unless sooner removed by death, resignation or for cause. Regular meetings of the Directors shall be held at such times as determined in 605.01
1004. Five (5) members of the Board of Directors shall constitute a quorum. Each member of the Board of Directors shall have one vote and the affirmative vote of a majority of members present and constituting a quorum is necessary for any action taken by a vote of the Board. A Director must be present in person or electronically (phone, Zoom, Facetime, etc.) at meetings of the Board in order to vote.
1005. A special meeting of the Board of Directors may be called at any time by the President, or any two (2) Directors, on not less than two (2) business days' notice previous to the meeting. Notice of a special meeting of the Board of Directors shall be given as provided in Section 602 of these Code of Regulations or by telephone message. Any meeting at which all Directors are present shall be legal without notice or waiver.
1006. 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 annual meeting of the members of the Company, at which time the members shall elect a Director for the unexpired term, or terms. In the event the remaining Directors do not or cannot approve a successor by a majority vote, then the President shall name the successor. If the vacancy occurs at or on the day of a regular meeting, that meeting shall be considered the first meeting.
1007. Five (5) members of the Board of Directors shall constitute a quorum at any meeting of the Board.
1008. There will be no compensation of Officers.

1009. Removal. Officers and Directors may be removed from office in the following manner:

1009.01. Any member or Director may present charges against a Director or Officer by filing them in writing with the Secretary of the Company. Such removal shall be voted at the next regular meeting or special meeting of the Board of Directors and shall be effective if approved by a majority vote as provided in this code.

1009.02. The Director, or Officer against whom such charges have been presented shall be informed, in writing, of such charges ten (10) 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 them shall have the same opportunity.

1009.03. If the removal of a Director is approved by majority vote of the Board of Directors.

1009.04. If the removal of a Director is approved, such action shall also vacate any other office held by the removed Director in the Company.

1009.05. A vacancy in the Board thus created shall be filled as provided in Section 1006. A vacancy in any office shall be filled by the Directors from among their number so constituted after the vacancy in the Board has been filled.

1010. A Director who misses three (3) consecutive regular meetings without good cause given to the Board of Directors shall be deemed to have abandoned the Office of Director and the Office of the Director shall be deemed vacant. The vacancy shall be filled as in Section 1006.

1011. The meetings, regular and special, of the Board of Directors are open to the members.

1011.01. The Board of Directors may meet in executive session to discuss matters of litigation, personnel matters, negotiations on any matter, property acquisition, or any other matter which would be detrimental to the operation of the Company if disclosed publicly.

1012. Indemnification

1012.01. The Company shall indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceedings, whether civil, criminal, administrative, or investigative (other than an action threatened or instituted directly by the Company) by reason of the fact that the person is or was a Director, officer, employee, or agent of the Company, or is or was serving at the request of the Company as a Director, officer, employee or agent of another corporation, partnership, association, trust, or other enterprise, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding, if the person acted in good faith and in a manner which they reasonably believed to be in or not opposed to the best interests of the Company, and with respect to any criminal action or proceeding, if the person had no reasonable cause to believe that their conduct was unlawful. The termination of any action or proceeding by judgment, order, settlement, or conviction, or upon a plea of no contest or its equivalent, shall not create, of itself, a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in or not opposed to the best interests of the Company, and with respect to any criminal action or proceeding and with respect to any criminal action or proceeding, a presumption that the person had reasonable cause to believe that the person's conduct was unlawful.

1012.02. Discretionary Indemnification

A. The Company may indemnify or agree to indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending, or completed action or suit which is threatened or instituted by the Company directly (rather than a derivative action in the right of the Company) to procure a judgment in its favor by reason of the fact that the person is or was a Director, officer, employee, or agent of the Company, or is or was serving at the request of the Company as a Director, officer, employee, or agent of another corporation, partnership, association, trust, or other enterprise, against expenses, including attorneys' fees, actually and reasonably incurred by the person in connection with such action or suit if the person acted in good faith and in a manner which they reasonably believed to be in or not opposed to the best interests of the Company, except that no such indemnification shall be made in respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable for

negligence or misconduct in the performance of his or her duty to the Company unless, and only to the extent that, the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as such Court of Common Pleas or such other court shall deem proper.

1012.03. Indemnification For Expenses

- A. To the extent that a Director, officer, employee or agent has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 1012.02 of this Article, or in defense of any claim, issue, or matter therein, they shall be indemnified against expenses, including attorneys' fees, actually and reasonably incurred in connection therewith.

1012.04. Determination Required

- A. Unless by order of a court, any indemnification under Sections 1012.01 and 1012.02 shall be made by the Company only upon a determination that the indemnification of the Director, officer, employee or agent is proper in the circumstances because he or she has met the applicable standard of conduct set forth in Sections 1012.01 and 1012.02. Such determination shall be made (a) by the Board of Directors by a majority vote of a quorum consisting of Directors who were not and are not parties to such action, suit or proceeding, or (b) if such quorum is not obtainable or if a majority of a quorum of disinterested Directors so directs, in a written opinion by independent legal counsel. Any determination made by the disinterested Directors or by independent legal counsel under this Section to provide indemnity under Section 1012.01 to a person threatened or sued in the right of the Company (derivatively) shall be promptly communicated to the person who threatened or brought the derivative action or suit in the right of the Company, and such person shall have the right, within 10 days after receipt of such notification, to petition the court in which action or suit was brought to review the reasonableness of such determination.

1012.05. Advance for Expenses

- A. Expenses, including attorneys' fees, incurred in defending any civil or criminal action, suit or proceeding referred to in Sections 1012.01 and

1012.02 may be paid by the Company in advance of the final disposition of such action, suit or proceeding as authorized by the Directors in the specific case upon receipt of an undertaking by or on behalf of the Director, officer, employee or agent to repay such amount, unless it shall ultimately be determined that they are not entitled to be indemnified by the Company as authorized in this Article X.

1012.06. Section 1012 Not Exclusive

- A. The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under the Bylaws, or any agreement, vote of disinterested Directors, or otherwise, both as to action in their official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a Director, officer, employee or agent and shall inure to the benefits of the heirs, executors, and administrators of such a person.

## **ARTICLE XI DUTIES OF DIRECTORS**

1101. The Board of Directors, subject to the restriction of law, the articles of incorporation, or code of regulations, shall exercise all of the powers of the Company, and without prejudice to or limitation upon their general powers, it is hereby expressly provided that the Board of Directors shall have, and hereby are given, full power and authority in the respect to the matters and as hereinafter set forth:

1101.01. To pass upon the qualifications of members, and to cause to be issued appropriate certificates of membership.

1101.02. To select and appoint all officers, agents, or employees of the Company or remove such agents or employees of the Company for just cause, prescribe such duties and designate such powers as may not be inconsistent with the code of regulations, fix their compensation and pay for faithful service.

1101.03. To borrow from any source, money, goods, or services, and to make and issue notes and other negotiable and transferable instruments, mortgages, deeds of trust and trust agreements and to do every act and thing necessary to effectuate the same.

1101.04. 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 the breach thereof.

1101.05. To order, at least once each year, an audit of the books and accounts of the Company by a competent public auditor or accountant. The report prepared by such auditor or accountant shall be submitted to the members of the Company at their annual meeting.



- 1101.06. To fix the charges to be paid by each member for services rendered by the Company to them, the time of payment and manner of collection.
- 1101.07. To all officers, agents and employees charged with responsibility for the custody of any of the funds of the Company to give adequate bonds the cost thereof to be paid by the Company, and it shall be mandatory upon the Directors to so require.
- 1101.08. To select one or more banks and/or Investment Firms to act as depositories of the funds of the Company and to determine the manner of receiving, depositing and disbursing of funds of the Company 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.
- 1101.09. To purchase and maintain insurance on behalf of any agent of the Company, including a Director, Officer, employee, or other agent, against any liability other than for violating provisions of law relating to self-dealing.

## **ARTICLE XII DUTIES OF OFFICERS**

1201. Duties of the President: The President shall preside over all meetings of the Company 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 execute such other papers of the Company as they 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 Company. The President shall perform such other duties as may be prescribed by the Board of Directors.
1202. 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 the successor.
1203. Duties of the Secretary: The Secretary shall keep a complete record of all meetings of the Company and of the Board of Directors and shall have general charge and supervision of the records of the Company. They shall sign all papers pertaining to the Company as they may be authorized or directed to do so by the Board of Directors. They shall serve all notices required by law and the code of regulations and shall make a full report of all matter and business pertaining to the office of Secretary to the members at the annual meeting. They shall keep the corporate seal and records of the Company, complete and counter-sign all certificates issued and affix said Corporate seal to all papers requiring seal. They shall keep a proper membership record, showing the name of each member of the Company and date of issuance, surrender, cancellation, or forfeiture. They shall make all reports required by law and shall perform such other duties as may be required by them by the Company or the Board of Directors. Upon the election of their successor, the Secretary shall turn over to them all books and other property belonging to the Company that they may have in their possession.
1204. Duties of the Treasurer: The Treasurer shall have general charge and supervision of the financial books of the Company. They shall sign all papers pertaining to the Company as

they may be authorized or directed to do so by the Board of Directors. They shall serve all notices required by law and the code of regulations and shall make a full report of all matters and business pertaining to the office to the Board of Directors at the annual and regular meetings. They shall also perform such duties with respect to the finances of the Company as may be prescribed by the Board of Directors.

1205. Any Officer and or employee elected or appointed by the Board of Directors, other than that of director, may be removed at any time upon vote of the majority of the whole Board of Directors.
1206. The same person may hold more than one office, other than that of President and Vice-President.
1207. In the absence of any Officer of the Company, or for any other reason which the Board of Directors may deem sufficient, the Board of Directors may delegate the powers or duties of such Officer to any other Officer or to any Director, provided a majority of the whole Board of Directors concur therein.

### **ARTICLE XIII DISTRIBUTION OF SURPLUS FUNDS**

1301. It is not anticipated that there will be any net income. If there should be any, then at the end of any fiscal year, after paying the expenses of the Company for operation and otherwise, and after setting aside for reserve, for depreciation of all buildings, equipment, facilities, and office fixtures, and such other reserves that the Board of Directors may deem proper and after providing for payments on interest and principal of obligations and amortized debts of the Company, 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 Company and for such other purposes as the Board of Directors may determine to be for the best interest of the Company. The said surplus fund or any portion thereof may from time to time at the discretion of the Board of Directors be applied to said debt of said Company.
1302. Any part or the whole of such net income may be credited at the discretion of the Board of Directors to the indebtedness of the Company, should any exist, and upon payment of all debts of the Company, any surplus so remaining to be placed in a reserve account until such as the Board of Directors shall deem sufficient for the needs of said Company. Thereafter the Board of Directors may reduce said water rates in accordance with the declared savings. The rights and interest of the members in the savings of the organization will be determined in proportion to their business with the organization, and the organization will maintain such records as are necessary to determine each member's rights and interest in the savings of the organization.

#### **ARTICLE XIV WATER LINE INSTALLATION**

1401. In the event a property owner refuses to give the Company access to an easement for any water line or other necessary facilities for the provision of water service, the Company will utilize the easement as stated in the Restrictive Covenants.
1402. Any construction and or damages will be the responsibility of the Company and it shall reasonably restore the property to its previous condition.

## **ARTICLE XV INSPECTION OF RECORDS**

1501. Pursuant to the provisions of Article V of these Regulation, Members in Good Standing may inspect the books, records, accounts and documents of the company under the following conditions:
- 1501.01. Financials (Profit and Loss) of the Company will be published in the CLPOA Peace Pipe on a monthly basis.
- A. Balance Sheet and year-end Profit and Loss will be published annually.
- 1501.02. Five business days written notice of intent to inspect shall be given to the Company at the principal offices of the Company.
- 1501.03. The written notice shall specify the books, records, accounts or other documents which the member wishes to inspect.
- 1501.04. The written notice shall specify the time, which must be during normal business hours, during which the member wishes to inspect.
- 1501.05. The Company shall have the right to specify, in writing to the requesting member, a different time and date, within thirty (30) days of the date requested by the member, if business and office conditions, in the opinion of the Company, so dictate.
- 1501.06. All accounts of the member with the Company shall be current and paid up, both at time of request to inspect and at the time specified for the inspection either by the member, or as extended by the Company,
- 1501.07. If, in the opinion of the Company, the substantial time of Company personnel will be required to comply with the member's request to examine documents, or there be a need to employ persons outside the Company, the Company shall determine a cost based upon the time of Company personnel required to assemble the books, records, accounts, and documents of the company, any cost

of outside personnel necessary and the cost of personnel to monitor the inspection and require the member requesting the inspection to deposit such cost with the Company prior to assembly of the books, etc. for inspection The Company shall compute the actual cost of the inspection and refund any amount not utilized from the deposit. If the actual cost is more than the deposit, the amount shall be collected from the member after the inspection.

The Company is not required to provide copies of any book, record, account or document to a member. If a member, after inspection, requests such a copy or copies, that request shall be forwarded to the Board of Directors for determination as to whether to provide the requested copy and under what conditions, including cost.

**ARTICLE XVI RESERVED FOR LATER USE**