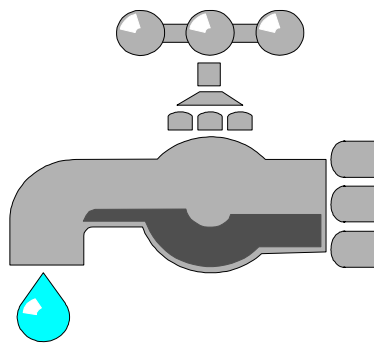


BY-LAWS
of the
FRANCESTOWN VILLAGE WATER COMPANY

[1977]

[Incorporating Amendments of 1980, 1983, 2005 and 2009]



[EPA REG #0831010]

PO Box 154
Francestown, NH 03043

BY-LAWS

FRANCESTOWN VILLAGE WATER COMPANY

ARTICLE I

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

ARTICLE II

Name, Seal and Offices

Section 1 **Name.** The name of this Corporation is the **FRANCESTOWN VILLAGE WATER COMPANY**.

Section 2 **Seal.** The seal of the Corporation shall be circular in form and shall bear on its outer edge the words “**FRANCESTOWN VILLAGE WATER COMPANY**” and in the center, the words and figures, “**NEW HAMPSHIRE 1977**” and the words, “**NON-PROFIT**”.

- A. The Secretary of the Corporation shall have custody of the seal.
- B. The Seal may be used for causing it or a facsimile thereof to be impressed or affixed or reproduced whenever required by law.

Section 3 **Offices.** The principal office of the Corporation shall be in Frankestown, New Hampshire. The Corporation may also have offices at such other places as the Board of Directors may from time to time appoint or the purposes of the Corporation may require.

ARTICLE III

Membership

Section 1 **Eligibility for Membership.** The corporation may admit as members any natural person, firm, association, corporation, or body politic or subdivision thereof on the following terms and conditions:

- A. The applicant for membership shall be the legal or equitable owner of, or shall have, at least, a substantial possessory interest in, a property to be, or being serviced by the Corporation’s water system. A substantial possessory interest as used herein shall

mean an interest arising from lease, license or other arrangement whereby the party claiming it has a right to possess, occupy or control the property in question even though such party may not have either legal or equitable title.

1. Where an applicant owns one or more than one house or dwelling to be served by the Corporation's water system, separate applications for each individual property (house) need be made.
- B. Said applicant shall sign the application for service and the agreement or agreements for purchase of water required by the Corporation and shall pay the connection and entrance fees established by the Corporation's Board of Directors.
- C. In the event two or more persons have a substantial interest in the property to be served, only one membership may be held at a time with respect to that property. This single membership issued may be to all or any number of persons holding a substantial interest in the property
- D. Before membership is granted to any person or persons claiming a substantial possessory interest in a property, the Corporation will endeavor to have the owner of such property make the application for membership.
- E. When membership is granted to one or more persons having substantial possessory interest, the Corporation as a condition to membership, may require the applicant to post such collateral or bond as the Directors may determine necessary to protect the Corporation from any additional risk involved because of the lack of legal ownership in the applicant.
- F. No application shall be denied because of the applicant's race, color, creed or national origin.
- G. Membership may be denied if the Corporation's supply of water is insufficient to meet the needs of its existing members and also, the requirements of the applicant; or if the proposed use of the applicant is such that it would interfere with existing uses previously authorized by the Board of Directors. The decision to deny any application shall be made by the Corporation's Board of Directors and shall be final and conclusive.

Section 2 Membership Certificates. This Corporation shall not have capital stock. Membership in the Corporation shall be represented by membership certificates. The Board of Directors shall cause to be issued appropriate "Certificates of Membership" to each applicant

meeting the terms and conditions stated above. A certificate shall entitle the holder to use and enjoy the benefits of the Corporation's water supply system upon payment of necessary assessment, if any, and of charges based upon such use. Such use and enjoyment shall be consistent with these By-Laws, the rules, regulations and contracts affecting the same which may be prescribed from time to time by the Board of Directors.

- A. Each membership certificate shall be numbered consecutively in accordance with the order of issue and shall bear on its face the following statement:

“This membership certificate, Number _____, is issued and accepted in accordance with and subject to the terms and conditions stipulated in the Articles of Agreement and By-Laws of the Francetown Village Water Company and all amendments thereto.”

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

Section 4 Transfer of Membership. Membership shall be transferable only to a person who obtains a qualifying interest in the property served, but the transfer will be effective only when noted on the books of the Corporation. A member will transfer his membership to his successor in interest as part of the transaction whereby he disposes of his interest in said property. The Secretary, upon request, will make note of such transfer upon the records of the Corporation and shall issue a new certificate to the successor in interest upon surrender of the old certificate.

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

Section 6 Qualification of Successor. 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 By-Laws.

Section 7 Divesture. In the event a member's property interest is divested other than by voluntary means, such member's membership will pass to the holder of such interest who will (a) be entitled to exercise all the rights incident to such membership, and (b) be subject to all the duties and liabilities applicable to the membership. The holder of such interest may terminate the membership by written notice delivered or mailed to the Secretary of the Corporation. Upon the final disposition of such interest, the holder thereof shall be entitled to membership in a like manner as if the membership had been transferred to him by the original member.

Section 8 Responsibility for Charges. Upon transfer of a membership, the Corporation will not look to the successor in interest for the payment of any past due accounts. The Corporation will seek collection only from the individual who incurred such charges or assessments or from the property itself if a judgment lien had been duly perfected against such property.

Section 9 Termination of Membership. Any member may withdraw from membership at any time by (a) written notice to the Board of Directors to that effect and (b) by payment in full of all indebtedness to the Corporation, however arising, and by compliance with such uniform terms and conditions as the Board may prescribe. Upon withdrawal, all services of the Corporation to the withdrawing member's property will be discontinued forthwith.

Section 10 Liability of Members for Corporate Debts. A member shall not be liable for the debts of the Corporation.

ARTICLE IV

Benefits and Duties of Members

Section 1 Service Lines, Cut-off Valves, Meters. The Corporation will install, maintain and operate a main distribution pipe line or lines from the source of the water supply through the Village of Francestown past the property of each member of the Corporation. Each member shall at his own expense install and maintain a service line or lines from the main distribution pipe line to his dwelling or on other portions of his premise to be serviced. The Corporation may purchase and install a cut-off valve to be owned and maintained by the Corporation. The Corporation shall have the sole and exclusive right to use of such cut-off valve. Meters to be purchased, installed, owned and maintained by the Corporation shall be placed, if at all, within the confines of a members building on all service connections to the said member's property. The provisions of this section, however, shall not be construed to require the acquisition or installation of meters or cut-off valves where the Directors determine under the circumstances of the system and the nature of the membership that the use of either or both of such devices is

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

Section 2 Back Flow Prevention Devices. Each service shall have a back flow prevention device installed adjacent to the meter in the property. The cost and maintenance of this device shall be the responsibility of the subscriber.

Section 3. Lines from the Main Distribution Pipe Line to Place of Use. 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 main distribution line to his dwelling or other portion of his premise, and to purchase and have installed the portion of the service line or lines from the main line to the place of use on his premise. The member will maintain such service line or lines at his own expense. The Corporation may, if the Board of Directors so determines, purchase the pipe for and install such portion of each service line or lines, the cost of which will, however, be paid by the individual members. In addition, each member shall pay such entrance fees and 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.

In brief, it is the responsibility of members to provide piping from the connection at the Corporation's main to his house; and it is the responsibility of the Corporation to provide points of connection for its members at the mains, but it is not the Corporation's responsibility to provide or maintain piping from the users' connection to his property.

Section 4 Additional Services Lines. The Board of directors, in its discretion, may permit any member to have additional service lines from the Corporation's water system upon proper application therefore and the tender of the 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 prior service lines. If the Corporation's water system is inadequate to permit the delivery of water through a service line installed at such place without interfering with the delivery of water through a prior service line, then such service line shall be installed at such place designated by the Corporation.

Section 5 Purchase of Water. Each member may be permitted to purchase from the Corporation, pursuant to such agreement as may from time to time be provided and required by the Corporation, such water as is needed by him for domestic, commercial, agricultural, industrial or other purposes a member may desire, subject, however, to the provisions of these By-Laws and to such rules and regulations as may be prescribed by the Board of Directors. Each member shall be entitled to have delivered to him through his service lines only such water as may be necessary to supply his needs, including needs of his family and his business, agricultural or industrial requirements. The water delivered through each service line may be metered separately and the charge for such water may be determined separately, irrespective of the number of service lines owned by a member.

Section 6 Proration of Supply, Regulation of Delivery. In the event the total water supply shall be insufficient to meet all 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 of all of the members for domestic and livestock purposes before supplying any water for commercial or industrial purposes; and, provided further, that where a member has more than one service line, the Corporation may cut off the flow of water to the non-domestic service lines until such time as the supply of water from the system is sufficient to meet the needs of all the members for domestic and livestock purposes. During such periods of shutoff of additional service lines there shall be no minimum fee charged to the members for 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 7 Determination of Charges; Penalties for Non-payment. Prior to September 1st of each year, the Board of Directors shall 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, 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 the 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 thirty (30) days from the due date will be subject to the greater of a penalty of ten dollars (\$10) or of ten (10) percent of the delinquent account, which percent may be changed at the discretion of the Board of Directors.
- B. Nonpayment within forty-five (45) days from the due date will result in the water being shut off from the member's property after fifteen (15) days' notice thereof to such delinquent member. Upon payment by the delinquent member of past due water charges, penalties thereon, any reconnection charge, such member shall be entitled to resumption of the water supply. During the time of such suspension of water to a member, such member shall have no right to vote in the affairs of the corporation.
- C. In case of danger to life or health of a member or his household, the Board of Directors may in its sole discretion temporarily waive disconnection in case of nonpayment of charges.

Section 8 **Water Users Agreement.** 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 provisions of these By-Laws.

ARTICLE V

Meeting of Members

Section 1 **Annual Meetings.** The annual meeting of the members shall be held in Francestown, County of Hillsboro and State of New Hampshire, at 10 o'clock A.M., on the first Saturday in April, of each year. The day and time of the annual meeting may be changed to any other convenient day and time by the Board of Directors giving notice thereof to each member not less than ten (10) days in advance thereof.

Section 2 **Special Meetings.** The Board of Directors shall have the right to call a special meeting of other members at any time. A special meeting must be called by the Board of Directors upon a petition requesting such meeting signed by at least ten (10) per cent 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 specified in the notice.

Section 3 **Notice of Meetings.** Notice of each meeting of members of the Corporation, both regular and special, shall be sent by first class mail or email to each member of record, directed to the address shown upon the books of the Corporation or to the email address provided to the

Corporation by the member, at least ten (10) days prior to such meeting. The notice shall state the day, 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 **Quorum.** The presence at a meeting of members entitled to cast in their own right or by proxy a majority of the total number of votes shall constitute a quorum. 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 eleven (11) months, nor after termination of membership by cessation of the member's interest in the property.

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

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

ARTICLE VI

Directors

Section 1 **Board of Directors.** The business of the Corporation shall be managed by a Board of nine (9) Directors, all of whom shall be members of the Corporation. Such member, within the limits fixed by the Certificate of incorporation of the Corporation, may be increased or decreased by amendment to these by-laws, in the manner set forth in Article XI hereof. When the number of Directors is so decreased by amendment adopted by the Board of Directors, each Director in office shall serve until his term expires, or until his resignation or removal as herein provided. The Directors named in the Articles of Agreement 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, three (3) directors shall be elected for a term of one (1) year; three (3) directors for a term of two (2) years; and three (3) directors for a term of three (3) years. At each annual meeting thereafter, the members shall elect for a term of three (3) years the number of directors whose terms of office have expired. Each Director shall hold office for the term for which he is elected and until his successor shall have been elected and qualified.

Section 2 **Powers and Duties of Directors.** Subject to the provisions of law, the Articles of Agreement and these By-Laws, the Board of Directors shall have the power to exercise all of the powers of the Corporation, without prejudice to or limitation of their general powers, the Directors shall have full power and authority with respect to the following among other matters:

- A. To approve membership applications and to cause to be issued appropriate certificates of membership. The Board may make binding commitments to issue membership certificates and to permit the connection of properties to the system in the future in cases involving proposed construction or may issue such certificates prior to commencement of the proposed construction.
- B. To select and appoint all agents or employees of the Corporation, remove such agents or employees of the Corporation, prescribe such duties and designate such powers as may not be inconsistent with these By-Laws, fix their compensation and pay for faithful service.
- 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.
- E. To order, at least once a year, an audit of the books and accounts of the Corporation by a competent public auditor or accountant. The report prepared by such auditor or accountant shall be submitted to the members of the Corporation at the 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 charge to be paid by each member for services rendered by the Corporation to the member, including entrance fees where such are deemed to be necessary by the Directors, and to fix and alter the method of billing, time of payment, manner of collection, and penalties for late or nonpayment if the same. The Board may establish one or more classes of users. All charges shall be uniform and non-discriminating within each class of user.
- G. At the discretion of the Directors, to require all officers, agents and employees charged with responsibility for the custody of any of the funds of the corporation to give adequate bonds, the cost thereof to be paid by the Corporation.

- 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 form of checks and the person or persons by whom the same shall be signed, with the power to change such banks and the person or persons signing such checks and the forms thereof at will.
- I. To levy assessments against the members of the Corporation in such manner and upon such proportionate basis as the Directors deem equitable, and to enforce collection of such assessments by the suspension of water service or other legal methods. The Board of directors shall have the option to suspend the service of any member who has not paid such assessment within thirty (30) days from the date the assessment was due, provided the Corporation must give the member at least fifteen (15) days written notice at the address of the member on the books of the Corporation. Upon payment of such assessments, any penalties applicable thereto, and a reconnection charge, if one is in effect, service will be promptly restored to such a member.

Section 3 Vacancies on the Board of Directors. If the office of any Director becomes vacant by reasons of death, resignation, retirement, disqualification or otherwise, except by removal from office, the President shall appoint an interim Director 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.

Section 4 Quorum of Directors. 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 quorum is present shall be the act of the Board.

Section 5 Contracts with Directors. During the term of his office, a Director shall not be a party to a contract for profit with the Corporation differing in any way from the business relations accorded each member or others.

Section 6 Indemnification of Officers and Directors. Each Director and officer of this Corporation (and his heirs, executors and administrators) shall be indemnified by this Corporation against any cost, expense (including attorney's fees), judgment and/or liability reasonably incurred by or imposed upon him in connection with any action, suit or proceeding, civil or criminal (including any proceeding before any administrative or legislative body or agent), to which he may be a party or with which he shall be threatened, by reason of his being a Director or Officer of this Corporation or of any other corporation which he serves or has served as director or officer at the request of this Corporation (whether or not he continues to be an officer of this Corporation or such other corporation at the time such action, suit or proceeding is

brought or threatened), except with respect to criminal matters as to which he shall be finally found guilty and except with respect to civil matters as to which he shall be finally adjudged in any such action, suit or proceeding to be guilty of bad faith in the performance of his duties as such director or officer; in the event of settlement of any civil action, suit or proceeding to be brought or threatened, such indemnification shall be limited to matters covered by the settlement as to which this Corporation is advised by independent counsel that such director or officer in the opinion of such counsel is not guilty of bad faith in the performance of his duties as a director or officer. The foregoing right of indemnification shall be in addition to any rights to which any director or officer may otherwise be entitled.

ARTICLE VII

Officers

Section 1 **Election.** The Directors, as elected at the annual meeting, shall elect, at such annual meeting, from their own members, a President and Vice President. They shall also elect a Secretary and a Treasurer, neither of whom need be a Director or member of the Corporation. The Directors may combine the offices of Secretary and Treasurer and designate the combined office of that of Secretary-Treasurer, and unite both functions and titles in one person. The treasurer may be a bank or any depository, and as such shall not be considered as an office, but as a function of the Board of Directors, and in such case, the Secretary shall perform the usual accounting duties of the Treasurer, except that the funds shall be deposited only as and where authorized by the Board of Directors. Each officer 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 2 **Duties of the President.** The President shall be the chief executive officer of the Corporation. He shall preside over all meetings of the Corporation and the Board of Directors, call special meetings of the Board of Directors, perform all acts and duties usually performed by an executive and presiding officer, and sign all membership certificates and such other papers of the Corporation as he may be authorized or directed to sign by the Board of Directors, provided the Board of Directors may authorize any person to sign any or all checks, contracts and other instruments in writing on behalf of the Corporation. The President shall be responsible for implementing the policies of the Corporation as determined and declared by the Board of Directors. He shall perform such other duties as may be prescribed by the Board of directors.

Section 3 **Duties of the Vice President.** At the request of the President, or in his absence or disability, the Vice President shall perform the duties and possess and exercise the powers of the President; provided, however, that in case of death, resignation or disability of the President, the Board of directors may declare the office vacant and elect his successor. To the extent

authorized by law, the Vice President shall also have such other powers as the Board of directors may determine, and shall perform such other duties as may be assigned to him by the Board of Directors.

Section 4 Duties of the Secretary. The Secretary shall have charge of such books, documents, and papers as the Board of Directors may determine and shall have the custody of the Corporate Seal. He shall attend and keep the minutes of all the meetings of the Board of Directors and members of the Corporation. He shall keep a record, containing the names, alphabetically arranged, of all persons who are members of the Corporation, showing their place of residence, and such book shall be open for inspection as prescribed by law. He may sign with the President and Vice President, in the name and on behalf of the Corporation, any contracts or agreements authorized by the Board of directors, and when so authorized or ordered by the Board of Directors, he may affix the seal of the Corporation. He shall attest the President's signature on all membership certificates. He shall serve, mail or deliver all notices required by law and by these By-Laws. He shall, in general, perform all the duties incident to the office of Secretary, subject to the control of the Board of Directors, and shall do and perform such other duties as may be assigned to him by the Board of directors.

Section 5 Duties of the Treasurer. The treasurer shall have the custody of all funds, property, and securities of the Corporation, subject to such regulations as may be imposed by the Board of Directors. When necessary or proper he may endorse on behalf of the Corporation for collection, checks, notes, and other obligations, and shall deposit same to the credit of the Corporation at such bank or banks or depository as the Board of Directors may designate. He shall sign all receipts and vouchers and, together with such other officer or officers, if any, as shall be designated by the Board of Directors, he shall sign all checks of the Corporation and all bills of exchange and promissory notes issued by the Corporation, except in cases where the signing and execution thereof shall be expressly designated by the Board of directors or by these By-Laws to some other officer or agent of the Corporation. He shall make such payments as may be necessary or proper to be made on behalf of the Corporation. He shall enter regularly on the books of the Corporation to be kept by him for the purpose, full and accurate account of all moneys and obligations received and paid or incurred by him for or on account of the Corporation, and shall exhibit such books at all reasonable times to any Director or member on application to the offices of the Corporation. He shall keep a proper membership certificate record, showing the name of each member of the Corporation and date of issuance, surrender, transfer, termination, cancellation or forfeiture. He shall make all reports required by law, and shall, in general, perform all the duties incident to the office of treasurer, subject to the control of the Board of Directors.

Section 6 Compensation. Compensation of officers may be fixed at any regular or special meeting of the members of the Corporation.

ARTICLE VIII

Removal of Directors and Officers

Section 1 **Procedure.** Officers and Directors may be removed from office in the following manner: A 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 (10) per cent of the members of the corporation. Such removal shall be voted on at the next regular or special meeting of the members at which a quorum is present and shall be effective if approved by a vote of a majority of those voting. The Director or Officer against whom such charges have been presented shall be informed, in writing, of such charges at least twenty (20) days prior to the meeting, and shall have the opportunity at such meeting to be heard in person or by counsel and to present witnesses; and the person or persons presenting such charges against him shall have the same opportunity. If the removal of director is approved, such action shall also vacate any other office held by the removed director in the Corporation. A vacancy in the Board thus created shall immediately be filled by a vote of a majority of the members present and voting at such meeting. A vacancy in any office thus created shall be filled by the Board of Directors from among their number so constituted after the vacancy in the Board has been filled.

ARTICLE IX

Surplus Funds

Section 1 It is not anticipated that there will be any surplus funds or net income to the Corporation at the end of the fiscal year after provisions are made for the payment of the expenses of operation and maintenance and the funding of the various reserves for depreciation, debt retirement, and other purposes, including those required by the terms of any borrowing transaction. 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 any 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 by the members.

Section 2 **Limitations upon Distribution.** Upon dissolution, after paying all debts and obligations, members and former members will be entitled to receive their equitable share of all the proceeds remaining to the extent practical as reflected by the records.

ARTICLE X

Fiscal Year

The fiscal year of the Corporation shall be the calendar year.

ARTICLE XI

Amendments

These By-Laws may be repealed or amended by a vote of the majority of the members present in person or by proxy at any regular meeting of the Corporation, or at any special meeting of the Corporation called for that purpose.