

**BY-LAWS
OF
CANAAN UTILITIES CORPORATION**

Article I

Section 1 – Name

The name of this company shall be Canaan Utilities Corporation.

Section 2 – Location

The offices of this company shall be in Shelby Township, Jefferson County, Indiana.

Section 3 – Seal

This company shall possess a seal which shall have inscribed the name of the company. The secretary or office manager shall have custody of the seal and shall cause it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

Section 4 – Fiscal Year

This fiscal year of this company shall be the same as the calendar year.

Article II

Section 1 – Membership

Any occupant or person holding property having reasonable accessibility to the source of, and who is in need of having water supplied to his place of occupancy or property, may be a member of this company by obtaining a membership certificate from the company. Persons who receive the approval of the Board of Directors may be admitted to membership upon subscribing for a membership certificate and 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 require a membership of the company if the capacity of the company's water system is exhausted by the needs of its existing members. A fee of One Hundred Dollars (\$100) shall be paid per membership, upon application for membership in this company.

Section 2

A member ceases to be eligible to hold membership as provided in Section 1 in case of death or willful failure to comply with these By-Laws and other requirements or willful obstruction of the purposes and proper activities of the company. 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 special meeting of the members called for such purpose.

Section 3

The capital of this company shall be represented by membership certificates.

Section 4

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

- a. This membership certificate, No. _____, is issued and accepted in accordance with and subject to the conditions and restrictions stipulated in the Articles of Incorporation, and By-Laws, and amendments to the same, of the Canaan Utilities Corporation.
- b. Transfers of membership certificates shall be made only upon the books of the company, only to persons eligible to become members, only with approval of the Board of Directors, and only when the member transferring is free from indebtedness to the company.
- c. No member shall be entitled to more than one vote at meetings of the members, or to hold more than one of the membership certificates of the company. 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 company.

Section 5

All transfers of membership certificates shall be made upon the books of the company upon surrender of the certificates covering the same by the holders thereof, or by their legal representatives, but only with the approval of the Board of Directors and only to persons eligible to become members, and only when the transferring member is free from indebtedness to the company.

Section 6

Each member agrees to sign such water user's agreements and easements as the company shall from time to time provide and require.

Section 7

The purchaser of any real estate with an existing water line shall have the first option to purchase the membership of the seller at a price equal to the book value of said membership as shown by the books of the company.

Article III

Section 1

The annual meeting of the members shall be held in Shelby Township, Jefferson County, State of Indiana, at 7:00 p.m. on the 2nd Tuesday of March of each year pursuant to written notice thereof as required by law.

Section 2

Special meetings of the members may be called by the Board of Directors and such meeting must be called whenever a petition requesting such meeting is signed by at least ten percent of the members and presented to the secretary or 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. Such notice shall be mailed to each member of record, directed to the address shown on the books, at least ten days prior to the meeting, and such notice shall state the nature, time, place and purpose of the meeting, but no failure or irregularity of notice of any annual meeting, regularly held, shall affect any proceedings taken thereat.

Section 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 only, and no voting by proxy shall be allowed.

Section 4

The directors of this company shall be elected at the annual meeting of the members.

Section 5

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

- (1) Call 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; and
- (8) Adjournment.

Article IV

Section 1

The Board of Directors of this company shall consist of nine members, all of whom shall be members of this company. The directors named in the Articles of Incorporation shall serve until the first annual meeting of the members and until their successors are elected and have qualified. At the first annual meeting of the members, three directors shall be elected for a term of one year; three directors for a term of two years; and three directors for a term of three years. At each annual meeting thereafter, the members shall elect for a term of three years the number of directors whose terms of office have expired. The Board of Directors of this corporation shall consist of nine members, all of whom shall be members of this corporation - selected as follows: Five (5) from Shelby, Monroe and Madison Townships in Jefferson County; two (2) from Milton Township in Jefferson County, and two (2) from Brown, Johnson and Shelby Townships in Ripley County.

Section 2

The Board of Directors shall meet within ten days after their election and shall elect by ballot a president, vice-president and secretary-treasurer from their number, each of whom shall 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

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 4

A majority of the Board of Directors shall constitute a quorum at any meeting of the Board.

Section 5

Compensation of offices may be fixed at any meeting (regular or special) of the members of the company. Directors shall receive no compensation for their services as such.

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 company. The charges must be accompanied by a petition signed by ten percent of the membership of the company. Such removal shall be voted on at the next regular or special meeting of the members and shall be effective if approved by a vote of 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 five 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 be filled by the directors from among their number so constituted after the vacancy in the board has been filled.

Officers and directors may be removed from office in the following manner: Directors not attending 50% of the meetings in a calendar year may be asked to resign and replaced by majority of remaining directors.

Article V

Section 1

The Board of Directors, subject to restrictions of law, the Articles of Incorporation, or these By-Laws, 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 are hereby given, full power and authority, upon approval by the members of the board by a majority vote at regular and special meeting, in respect to the matters as hereinafter set forth:

- a. To pass upon the qualifications of members, and to cause appropriate certificates of membership to be issued.
- b. To select and appoint all offices, agents and employees and removal of same for just cause, fix their compensation and pay for services, and prescribe their duties as may not be inconsistent 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 order an annual audit of the books and accounts by a competent auditor or accountant. The report prepared by such person shall be submitted to the members of the annual meeting.

- 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 company.
- 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 and 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 membership certificates of the company and to enforce the collection of such assessments in the manner provided for enforcement of collection of water charges in Article VII, Section 5, or by the forfeiture of delinquent certificates of members failing to pay such assessments within the time prescribed for payment; provided, that prior to forfeiture the board must give the member at least thirty days written notice at the last address of the member on the books of the company of its intention to forfeit the certificate if the assessment is not paid by a specified date.

Article VI

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 him by the Board of Directors; and shall sign all membership certificates and such other papers as he 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 office to serve.

Section 3 – Duties of Secretary-Treasurer

The secretary-treasurer shall record the minutes of all meetings of the company and of the Board of Directors. He shall sign all membership certificates with the president and such other papers pertaining to the company as he may be authorized or directed to do so by the Board. He shall serve all notices required by law and by these By-Laws and shall make a full report of all matters pertaining to his office to the members at the annual meeting. He shall perform such duties as may be delegated to him including the turnover to his successor all books and other property belonging to the company that he may have in his possession. He shall review all records of company receipts and expenditures; and shall countersign all checks disbursed by the company. He shall review the financial statement at every meeting of the Board of Directors and at other times when requested by the board.

Section 4

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 days following the meeting at which they are elected and qualified.

Article VII

Section 1

The company 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. The company will also purchase and install a cut-off valve in each service line from its main distribution line or lines, such cut-off valve to be owned and maintained by the company and to be installed on same portion of the service line owned by the company. The company shall have the sole and exclusive right to use such cut-off valve to turn it on and off.

Section 2

Each member shall be entitled to not more than one (1) 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 the 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 property line 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 elects, purchase the pipe for and install such portion of such service line or lines, the cost of which will, however, be paid by the individual members.

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 prorate 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 determine the water rates, which shall be charged each member during the year. The flat minimum monthly rate, as set up in the water rate schedule for the year, to 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 the dates for the payment thereof. A member to be entitled to the delivery of water shall pay such charges at the office of the company on or before 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. Net bill amount due upon receipt and becomes delinquent after the 17th of the month. After the 17th of the month, bills are subject to a late charge of ten percent (10%) on the first \$3.00 and three percent (3%) on the excess over \$3.00
- b. If payment is not received by the 28th of the month, service is subject to disconnection on the next business day. A reconnect fee is charged if service is disconnected.
- c. Nonpayment for sixty (60) days from the due date will allow the company to terminate the membership certificate as provided for in Article II, Section 2, of these By-Laws.

Section 6

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

Article VIII

Section 1

It is not anticipated there will be any net income; but if there should be any, then at the end of the fiscal year, after paying all costs of operations and maintenance, set aside reserves for depreciation on building, equipment, etc., and such other reserves as may be deemed proper and provide for payment on interest and principal of obligations and debts 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 distributed to the members as provided in the By-Laws, on the basis of the assessments and charges made and levied against and paid by such members during the year.

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

The rules contained in *Robert's Rules of Order Revised* shall govern the society in all cases to which they are applicable, and in which they are not inconsistent with the Articles of Incorporation, By-Laws or the special rules of the order of this society.

Article X

Section 1

Amendments of these By-Laws may be adopted by a vote of a majority of the members present at any special or regular meeting of the company, if the members have been given at least ten (10) days written notice of said meeting and the notice has contained a copy of the proposed amendment or amendments.

Article XI

For so long as the corporation is indebted for a loan or loans made to it by the United States of America through the Farmers Home Administration, then these By-Laws shall not be altered, amended or repealed without the prior consent of the State Director of the Farmers Home Administration for the State of Indiana.