

**BYLAWS  
OF  
CHUMUCKLA WATER SYSTEM, INC.**

**ARTICLE I  
General Purposes**

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

**ARTICLE II  
Name and Location**

Section 1: The name of this Corporation is Chumuckla Water System, Inc.

Section 2: The principal office of this Corporation shall be located in Chumuckla, at 3007 Apache Drive Pace, Florida 32571, but the Corporation may maintain offices and places of business at such other places within the State as the Board of Directors may determine.

**ARTICLE III  
Seal**

Section 1: The Seal of this Corporation shall have inscribed thereon the name of this Corporation and the year of its organization, and shall contain the words, "Corporation Not For Profit."

Section 2: The Secretary shall have custody of the Seal.

Section 3: The Seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

**ARTICLE IV  
Fiscal Year**

The fiscal year of this Corporation shall begin on the first day of January.

## **ARTICE V**

### **Membership**

Section 1: The holders of membership certificates of this Corporation are its members. Any person having reasonable accessibility to the source and who is in need of the services provided by the Water System or other services operated by the Corporation and who receives the approval of the Board of Directors may be admitted to membership upon subscribing for a membership certificate and by signing such agreement for the purchase of water as may be provided and required by the Corporation; provided that no person otherwise eligible shall be permitted to subscribe for or require a membership of the Corporation if the capacity of the Corporation's water system is exhausted by the needs of its existing members.

Section 2: Each connection for the services rendered by the Corporation shall entitle the subscriber for such connection to one membership certificate.

Section 3: At any meeting of the members of the Corporation, each member shall be entitled to one vote only, regardless of the number of certificates of membership held, provided the member is in good standing for all certificates held.

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

Section 5: When a member ceases to purchase the services of this Corporation, the membership shall be deleted from the membership book.

Section 6: In arrears shall be defined as usage charges billed to the membership of a member in arrears shall be removed from the Corporation's current records and placed in delinquent records until such usage charges have been paid and the account brought up to date. The Board of Directors shall establish any fees involved in re-establishing the membership in this Corporation's current records. All membership rights shall be denied until re-established in this Corporation's current records.

Section 7: All members who cast a vote must be at least 18 years of age.

**ARTICLE VI**  
Membership Certificates

Section 1: This Corporation shall not have capital stock, but its capital shall be represented by membership recorded in accordance with the Florida Statutes.

Section 2: All memberships shall be numbered consecutively and recorded in a permanent membership book or alternative record system.

Section 3: Each member agrees to sign such utility users' agreements as this Corporation shall from time to time require and provide.

Section 4: Each membership certificate shall bear the following statement

**MEMBERSHIP CERTIFICATION**  
Chumuckla Water System, Inc. NO. \_\_\_\_\_

A Non-Profit Corporation incorporated under the laws of the State of Florida

This is to certify that: \_\_\_\_\_,  
address \_\_\_\_\_  
is a member of the Chumuckla Water System, Inc., and is entitled to its services subject to the provisions of the Charter, Bylaws and Rules and Regulations of the corporation.

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

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

WITNESS of the seal of the Corporation and the signature of its duly authorized officers affixed this day of \_\_\_\_\_ 20\_\_\_\_.

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
President

Section 5: The Board of Directors shall declare Certificates of membership, upon termination of service, void and upon adoption of such a resolution by the Board, the Secretary shall so note on the books of the Corporation, and thereafter such membership certificate shall be void.

## **ARTICLE VII**

### Meeting of Members

Section 1: The annual meeting of the members of this Corporation shall be held on the second Tuesday in March of each year, if not on a legal holiday, or if a legal holiday, on the next business day following. The annual meeting shall be held at the office at *3007 Apache Drive*, unless otherwise designated by the Board of Directors giving notice to each member not less than ten (10) days in advance thereof.

Section 2: Special meetings of the members may be called at any time by the action of the Board of Directors and such meetings shall be called by the President whenever a petition requesting such meeting is signed by at least ten (10%) percent of the members and presented to the President or to the Board of Directors. The purpose of every special meeting shall be stated in the notice thereof and no business shall be transacted there except such specified in the notice.

Section 3: Notice of any special meeting of members of the Corporation may be given by a public advertisement in the local paper, not less than ten nor more than fifty days prior to the meeting. Such notice shall state the day and hour, place and purpose of the special meeting.

Section 4: The members present at any meeting of the members of the Corporation shall constitute a quorum for the transaction of business. There shall be no voting by proxy at any meeting of the members of the Corporation.

Section 5: Directors of this Corporation shall be elected at the annual meeting of the members, no cumulative voting shall be allowed. Cumulative voting is the system by which each voter has the same number of votes as there are persons to be elected, and can give them all to one candidate or distribute them as he or she pleases.

Section 6: The order of business at the annual meeting, regular and special meetings of the Board and, so far as possible, at any meetings, shall be:

- a. Calling to order and report of Secretary as to number present.
- b. Proof notice of meeting, if required.
- c. Reading and action on any unapproved minutes.
- d. Reports of officers and committees.

- e. Election of Directors.
- f. Unfinished business.
- g. New business.
- h. Adjournment.

## **ARTICLES VIII**

### Directors and Officers

Section 1: The Board of Directors of this Corporation shall consist of seven (7) members, all of which must be members of the Corporation. 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. One (1) director shall be elected for a term of one year; Two (3) directors for a term of two years, and two (3) directors for a term of three years. At each meeting thereafter, the membership shall elect for a term of three years the number of directors whose terms of office have expired.

Section 2: The Board of Directors shall meet within ten (10) days following the annual election of directors and shall elect a President and Vice President from among themselves and a Secretary and Treasurer who need not be a member of the Board of Directors, each of whom shall hold office until the next annual meeting and until the election and qualification of his successor, unless sooner removed by death, resignation, or for cause. To be eligible for the office of President, a director must have already served one year.

Section 3: If the office of any director becomes vacant by reason of death, resignation, retirement, disqualification or otherwise, except by removal from office, a majority of the remaining directors, though less than a quorum shall, by a majority vote, choose a successor who shall hold office until the next regular meeting of the members of the Corporation at which time the members shall elect a director for the unexpired term or terms, provided that in the call of such regular meeting of the members a notice of such election shall be given.

Section 4: A majority of the Board of Directors shall constitute a quorum at any meeting of the Board.

Section 5: Directors shall receive no compensation for their services.

Section 6: Officers and directors may be removed from office for a good cause 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 Corporation. If presented by a member, the charges must be accompanied by a petition signed by ten (10%) percent of the members of the Corporation. Such removal shall be voted on at the next regular or special meeting of the members of the Corporation. The director or officer

against whom such charges have been presented shall be informed, in writing, of such charges five days prior to the meeting; the person or persons presenting such charges shall have the opportunity at such meeting to be heard in person or by counsel and to present witnesses and the person against whom the charges are made shall have the same opportunity. If the removal of a director is approved, such action shall also vacate any other office held by the removed director in the Corporation. The directors from among their number so constituted after the vacancy in the Board has been filled shall fill a vacancy in any office thus created.

## **ARTICLE IX**

### Duties of Directors

Section 1: The Board of Directors, subject to the restrictions of law, the Charter, or these Bylaws, shall exercise all of the powers of the Corporation and, without prejudice to or limitation upon their general powers, it is hereby expressly provided that the Board of Directors shall have, and are hereby given, full power and authority (to be exercised by resolution duly adopted by the Board) in respect to the matters and as hereinafter set forth:

- a. To pass upon the qualifications of members, and to cause to be issued appropriate certificates of membership.
- b. To select and appoint all officers, agents or employees of the Corporation or remove such agents or employees of the Corporation prescribe such duties and designate such powers as may not be inconsistent with these Bylaws, fix their compensation, and pay for faithful services. The Board of Directors shall specifically employ a manager for the System and shall set his/her duties, job description, compensation and benefits. Said manager shall serve at the pleasure of the Board unless a written employment agreement is entered into.
- c. To elect the officers of the Corporation at the meeting of the Board of Directors immediately following the annual meeting of the members of the Corporation at which time new directors are elected by the membership.
- d. 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 to do every act and thing necessary to effectuate the same.
- e. To prescribe, adopt and amend, from time to time, such equitable uniform rules and regulations as, in their discretion may be deemed necessary, or convenient for the conduct of the business and affairs of the Corporation and the guidance and control of its officers and employees, and to prescribe penalties for the breach thereof.
- f. To order, at least once each year, an audit of the books and accounts of the Corporation by a competent certified public accountant. The report prepared by

such accountant shall be submitted to the members of the Corporation at their annual meeting, together with a proposed budget shall be submitted to any parties as may be required by other agreements.

- g. To regulate the charges, rates and connection fees, to be paid by each member for services rendered by the corporation to the member, the time of payment and manner of collection.
- h. To require all officers, agents and employees charged with the responsibility for the custody of any funds of the Corporation to give adequate bonds, the costs thereof to be paid by the Corporation, and it shall be mandatory upon the directors to so require.
- i. To select one or more banks or other financial institutions to act as depositories of the funds of the Corporation and to determine the manner of receiving, depositing and disbursing the funds of the Corporation and the form of checks and the person or persons by whom the same shall be signed, with the power to change such banks or financial institutions and to the person or persons signing such checks and the form thereof, at will, except that no bank or other financial institution may be so designated unless such deposits are protected by an agency of the United States of America, such as the Federal Deposit Insurance Corporation or similar agency.
- j. With the approval of the majority of the members present at any regular or special meeting of the membership, to levy assessments against membership certificates of the Corporation and to enforce the collection of such assessments by the forfeiture of delinquent certificates. The Board of Directors shall have the option to declare forfeited any membership certificate on which assessments have not been paid, at any time after sixty days from the date the assessment was due. No personal liability shall be placed upon any member because of any assessment beyond the value of the membership certificate, and enforcement only against the membership certificate.
- k. To exercise any other powers set forth in Chapter 617, 2002 Florida Statutes, as amended, which are not inconsistent with the powers set forth herein.

## **ARTICLE X**

### **Duties of Officers**

Section 1: Duties of President. The President shall preside over all meetings of the Corporation and call special meetings of the members of the Corporation in accordance with the provision of these Bylaws. The President shall call special meetings of the Board of Directors after giving not less than three (3) days written notice to each director. The President shall perform all acts and duties usually performed by an executive and presiding officer, and shall sign all membership certificates and such other papers of the Corporation as he/she may be authorized or

directed to sign by the Board of Directors, provided the Board of Directors may authorize any other person to sign any and all checks, contracts and instruments in writing on behalf of the Corporation. The President shall further recommend committees and appoint a chairman of each and shall upon election of a successor, and overall books and other property belonging to the Corporation that may be in his/her possession.

Section 2: Duties of the Vice President. In the absence of or disability of the President, the Vice President shall perform the duties of the President; however, that in case of death, resignation or disability of the President, the Board of Directors may declare the office of President vacant and elect a successor. Upon the election of a successor, hand over all books and other property belonging to this Corporation that may be in his/her possession.

Section 3: Duties of the Secretary. The Secretary shall keep a complete record of all meetings of the Corporation and of the Board of Directors and have general charge and supervision of the books and records of the Corporation. He/she shall sign all membership certificates with the President and such other papers pertaining to the Corporation as he may be authorized or directed to do so by the Board of Directors. He/she shall serve all notices required by law and by these Bylaws and shall make a full report of all matters and business pertaining to his office to the members at the annual meeting of the Corporation, complete and countersign all certificates issues and affix said corporate seal to all papers requiring seal. He/she shall keep a proper membership certificate record, showing the name of each member of the Corporation, address and date of issuance, surrender, cancellation or forfeiture. He/she shall make all reports required by law and shall perform such other duties as may be required of him/her by the Corporation or the Board of Directors. Upon the election of his/her successor, the Secretary shall turn over to him/her all books and other property belonging to the Corporation that he/she may have in his/her possession. He/she shall also perform such duties with respect to his/her office as may be prescribed by the Board of Directors.

Section 4: Duties of the Treasurer. The Treasurer shall perform such duties with respect to the finances of the Corporation as may be prescribed by the Board of Directors, including, but not limited to, having general charge and supervision of the financial books and records of the Corporation; signing such documents as may be required by the Board of Directors; receiving audits done of the Corporation; and, upon the election of a successor, hand over all books and other property belonging to this Corporation that may be in his/her possession.

## **ARTICE XI**

### **Benefits and Duties of Members**

Section1: The Corporation will install, maintain and operate a main distribution pipe line or lines from the source of water supply and service lines from the main distribution pipe line or lines to the property line of each member of the Corporation at

which points, designated as delivery points, meters to be purchased, installed, owned and maintained by the Corporation shall be placed. The Corporation shall pay the cost of the service line from the main distribution line or lines. The Corporation will also purchase and install a cutoff valve in each service line from its main distribution line or lines. Such cutoff valve to be owned and maintained by the Corporation and to be installed on some portion of the service line owned by the Corporation. The Corporation shall have the sole and exclusive right to use such cutoff valve to turn it on and off.

Section 2: Each member shall be entitled to purchase from the Corporation, pursuant to such agreements as may from time to time be provided and required by the Corporation, such water for domestic, commercial, agricultural, industrial or other purposes as a member may desire, subject, however, to the provisions of these Bylaws and to such rules and regulations as may be prescribed by the Board of Directors. Each member shall be entitled to have delivered to him through a single service line only such water as may be necessary, to supply the needs of such member, including his family, business, agricultural or industrial requirements. The water delivered through each service line shall be metered and the charge for such water shall be determined separately irrespective of the number of service lines owned by a member.

Section 3: In the event the total water supply shall be insufficient to meet all of the needs of the members or in the event there is a shortage of water, the Corporation may prorate the water available among the various members on such basis as is deemed equitable by the Board of Directors, and may also prescribe a schedule of hours covering use of water for commercial, agricultural or industrial purposes by particular members and require adherence to 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 members for domestic purposes before supplying any water for livestock purposes and must satisfy all of the needs of all the members for domestic and livestock purposes before supplying any water for commercial and industrial purposes.

Section 4: The Board of Directors shall, with the consent of the United States Department of Agriculture Rural Development (i.e.: Rural Economic and Community Development, formerly Farmers Home Administration), so long as it shall either hold or guarantee any financing of the System, prior to the beginning of each calendar year, determine the flat minimum monthly rate to be charged each member during the following calendar year for a specified quantity of water, such flat minimum monthly rate to be payable irrespective of whether any water is used by a member during any month, and the amount of additional charges, if any, for additional water which may be supplied, the members, shall fix the date for payment of such charges, and shall notify each member of the amount of such charges and dates for the payment thereof. A member to be entitled to the delivery of water shall pay such charges at the office designated by the Corporation at or prior to the dates fixed by the Board of 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 ten days from the due date shall subject to a penalty of ten (10%) percent of the delinquent account.
- b. Nonpayment by the 20<sup>th</sup> day of the month will result in the water being shut off from the member's property.
- c. Nonpayment for sixty (60) days after original due date will allow the Corporation, in addition to all other rights and remedies to cancel the member's membership certificate and terminate his membership, and in such event the member shall not be entitled to receive, nor the Corporation obligated to supply, any water under this agreement.
- d. The Corporation shall further be authorized to pursue any and all legal remedies for collection of unpaid accounts.

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

## **ARTICLE XII**

### Distribution of Surplus Funds

Section 1: It is not anticipated that there will be any net income. If there should be any net earnings available at the end of the fiscal year, after paying the expenses of the Corporation for operation and otherwise, and after setting aside reserves for depreciation on all buildings, equipment and office fixtures and such other reserves as the Board of Directors may deem proper, the net earnings shall be accumulated in a surplus fund. Surplus funds shall be used for expansion and upgrading of services to be determined by the Board of Directors. In the event of a dissolution of this corporation, or in the event it shall cease to carry out the objectives and purposes herein set forth, all business, property and assets of the corporation shall go and be distributed to one or more non-profit corporations or public or public bodies as may be selected by the Board of Directors of this corporation and approved by at least 75% of the users or members to be used for, and devoted to, the purpose of a community facility project or other purpose to serve the public welfare of the community. In no event shall any of the assets or property, in the event of dissolution thereof, go or be distributed to members, directors, stockholder or other having financial or managerial interest in the corporation either for the reimbursement of any sum subscribed, donated or contributed by such members or for any other purposes, provided that nothing herein shall prohibit the corporation from paying its just debts.

**ARTICLE XIII**  
Amendments

Section 1: Bylaws may be repealed or amended by a vote of a majority of the members of the corporation present at any regular meeting of the Corporation, or at any special meeting of the Corporation called for that purpose, except that so long as any indebtedness is held by or guaranteed by the Rural Economic and Community Development (Farmers Home Administration), the members shall not have the power to change the purpose of the Corporation so as to decrease its rights and powers under the laws of the State, or to waive any requirements of bond or other provisions for the safety and security of the property and funds of the Corporation or its members, or so to amend the Bylaws as to effect a fundamental change in the policies of the Corporation, or rescind the requirement that a majority of the Board of Directors shall be farmers or rural residents, without prior approval of the Rural Economic and Community Development in writing. Notice of any amendments to be made at a special meeting of the members shall be given at least ten days before such meeting and must set forth the amendments to be considered.

Given our hands and seals of the Corporation this \_\_\_\_\_ day of  
\_\_\_\_\_ 20\_\_\_\_\_.

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
President

**We certify that these Bylaws were duly adopted by the members on March 9<sup>th</sup>, 2004, and are now in full force and effect.**