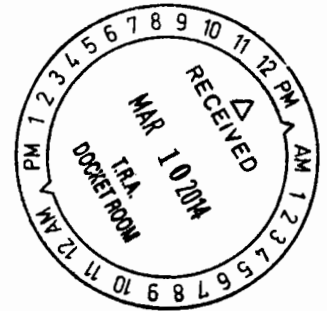


**BEFORE THE TENNESSEE REGULATORY AUTHORITY**  
**NASHVILLE, TENNESSEE**

**IN RE:**

**PETITION OF BERRY'S CHAPEL  
UTILITY, INC. TO INCREASE RATES  
AND CHARGES; TARIFF TO RECOVER  
THE COST OF FINANCIAL SECURITY  
IMPLEMENTATION OF PASS  
THROUGHS FOR SLUDGE REMOVAL,  
ELECTRICITY, CHEMICALS AND  
PURCHASED WATER**

**DOCKET NO. 14-00004**



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**CORRECTION AND AMENDMENT TO FILING OF MARCH 5, 2014**

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Berry's Chapel Utility, Inc. ("Berry's Chapel") corrects and amends the argument on pp. 4-5 of the "Objections to the Advocate's Motion for Another Round of Discovery and to the Advocate's Questions" filed March 5, 2014. That argument refers to and is based on an earlier version of the bylaws of Berry's Chapel written in 2010 and attached to the March 5 filing. Counsel for Berry's Chapel learned on March 7, 2014 that those bylaws were amended, in part, in 2011 when the charter of Berry's Chapel was amended to allow the utility's customers to become members of the corporation. The current, amended bylaws are attached to this filing.

The conclusion set forth in the earlier filing has not changed. Under the amended bylaws and under state law, the current, three-member board of directors remains in charge of the corporation until the directors call "the first annual meeting" of the members. At the first annual meeting, the members will elect five directors to take over the operations of the company. See Sections 2.11, 3.02 and 3.03 of the attached bylaws and T.C.A. § 48-58-104(a).

### Argument

The amended bylaws state, "The three Directors serving on the Corporation's Board of Directors on the effective date of these bylaws [John Ring, Tyler Ring, and James Ford] shall continue to serve until the first annual meeting of the members." Section 3.03, emphasis added. Section 3.03 continues, "Nominations for members to serve on the Board of Directors shall be submitted to the corporation before or at the annual meeting." This is consistent with state law which provides that "all directors (except the initial directors) shall be elected at the first annual meeting of members." T.C.A. § 48-58-104(a).

The amended bylaws also state that the Board of Directors, not the members, fixes the date of the annual meeting. Section 2.11, "Annual Meeting," provides, "The annual meeting of the members of the Corporation shall be held at such time and place as fixed by the Board of Directors. At the annual meeting, the members shall elect Directors. . . ."

Therefore, the bylaws state—three times—that members elect directors at "the annual meeting" of the members. The bylaws also state that the directors, not the members, fix the date for "the annual meeting" and that the original board continues in office "until the first annual meeting of the members" when the members will elect a new, five-person board. The evident purpose of this provision is to allow the original board to control the timing of the transition to a board elected by the members.<sup>1</sup>

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<sup>1</sup> Under Section 2.12, "Special Meeting," a minority of directors or 10% of the members may call a "special meeting." While state law and the bylaws require that directors be elected at the "first annual meeting" of the members, there is nothing in the bylaws or state law describing what business may be conducted at a special meeting. Reading these provisions together leads to the conclusion that the members may not call a special meeting for the election of new directors prior to the "first annual meeting." Otherwise, the transition process described in Section 3.03 would be meaningless.

As explained in the March 5 filing, it is the intention of the current Board to call the first annual meeting upon the conclusion of the company's current rate case which is scheduled to be decided in June, and the resolution of other pending regulatory dockets now underway. At that time, the utility should be on firm financial footing and in good standing with the Authority.

#### Conclusion

The argument on pages 4 and 5 of the March 5 filing is based on language in the company's bylaws which was subsequently amended. Counsel apologizes for this error. The conclusion, however, has not changed. As discussed above, the attached, amended bylaws provide that the current directors continue to run the company until the current board calls the first annual meeting of the members and new directors are elected at that meeting.

Respectfully submitted,

BRADLEY ARANT BOULT CUMMINGS LLP

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CERTIFICATE OF SERVICE

I hereby certify that on the 10 day of March, 2014, a copy of the foregoing document was served on the parties of record, via hand-delivery, overnight delivery or U.S. Mail, postage prepaid, addressed as follows:

Mr. Vance L. Broemel  
Senior Counsel  
Office of the Attorney General  
Consumer Advocate and Protection Division  
P.O. Box 20207  
Nashville, Tennessee 37202-0270

  
HENRY WALKER

**BYLAWS  
OF  
BERRY'S CHAPEL UTILITY, INC.**

These Bylaws shall regulate the affairs of the Corporation, subject to the provisions of the Corporation's Charter and any applicable provisions of the Tennessee Nonprofit Corporation Act, *T.C.A. § 48-51-101, et seq.* (the "Act").

**SECTION 1 - OFFICES AND REGISTERED AGENT**

Section 1.01. *Registered Office.* The Corporation shall designate and continuously maintain a registered office in the State of Tennessee.

Section 1.02. *Principal Office.* The principal office of the Corporation shall be that which is designated as such in its Charter.

Section 1.03. *Other Offices.* The Corporation may also have other offices within and without the State of Tennessee at such places as the Board of Directors may from time to time determine.

Section 1.04. *Registered Agent.* The Corporation shall designate and continuously maintain a registered agent in the State of Tennessee at its registered office.

**SECTION 2 MEMBERS**

Section 2.01. *Eligibility.* Any natural person, firm, association, corporation, cooperative, business trust, partnership, federal, state or local government, or departments, agencies or any other political subdivision thereof (each hereinafter referred to as "person," "applicant," "him" or "his") that receives sewer service from Berry's Chapel Utility, Inc. (hereinafter called the "Corporation") at one or more premises owned or directly occupied or used by the person is eligible to become a member of the Corporation.

Section 2.02. *Admission of Members.* An eligible person shall become a member upon completing and executing an application for membership and delivering it to the Corporation.

Section 2.03. *Rights and Obligations.* Except as set forth in Section 2.04, each member shall have one (1) vote and shall have the same rights and obligations with respect to voting, dissolution, redemption, transfer and all other matters as all other members.

Section 2.04. *Joint Membership.* A husband and wife, by specifically so requesting in writing, may be accepted into joint membership or, if one of them is already a member, may automatically convert such membership into a joint membership. The words "member," "applicant," "person," "his," and "him," as used in these Bylaws, shall include a husband and wife applying for or holding a joint membership, unless otherwise clearly distinguished in the text; and all provisions relating to the rights, powers, terms, conditions, obligations,

responsibilities and liabilities of membership shall apply equally, severally and jointly to them. Without limiting the generality of the foregoing:

- (a) the presence at a meeting of either or both shall constitute the presence of one member and a joint waiver of notice of the meeting;
- (b) the vote of either or both shall constitute, respectively, one joint vote; provided, if both be present but in disagreement on such vote, each shall cast only one-half (1/2) vote;
- (c) notice to, or waiver of notice signed by, either or both shall constitute, respectively, a joint notice or waiver of notice; and
- (d) suspension or termination in any manner of either shall constitute suspension or termination of the joint membership.

Section 2.05. *Excess Payments to be Credited as Member-Furnished Capital.* All amounts paid for sewer service in excess of the cost thereof shall be treated as member-furnished capital as provided in Section 7 of these Bylaws.

Section 2.06. *Resignation.* A member may resign at any time by delivering to the Secretary of the Corporation a written notice of such resignation signed by the member which shall be included in the corporate records. A resignation shall not be effective before the date and time the Secretary actually receives written notice of it. A person's membership shall be terminated upon his death.

Section 2.07. *Termination by Withdrawal.* A member may withdraw from membership upon such generally applicable conditions as the Board of Directors shall prescribe and upon either (a) ceasing to (or, with the approval of the Board of Directors resigning his membership in favor of a new applicant who also shall) own or directly occupy or use all premises being furnished sewer service, or (b) totally and permanently abandoning the use of sewer service on such premises.

Section 2.08 *Expulsion or Suspension.* A member may be expelled or suspended by the Board of Directors, but notice and an opportunity to be heard shall first be given to the member as set forth below, and the expulsion or suspension procedure shall be fair, reasonable and carried out in good faith:

- (a) The member shall be given not less than fifteen (15) days' prior written notice of the expulsion or suspension, and the reason(s) therefor; and
- (b) The member must be given the opportunity to be heard, orally or in writing, by the Board of Directors not less than five (5) days before the effective date of the expulsion or suspension.

For purposes of this Section 2.08 only, any written notice given by mail shall be sent postage prepaid by first class United States mail or by certified United States mail, return receipt requested, and sent to the last address of the member shown on the Corporation's records.

Section 2.09. *Effect of Death, Legal Separation or Divorce Upon a Joint Membership.* Upon the death of either spouse of a joint membership, such membership shall continue to be held solely by the survivor, in the same manner and to the same effect as though such membership had never been joint; Upon the legal separation or divorce of the holders of a joint membership, such membership shall continue to be held solely by the one who continues directly to occupy or use the premises covered by such membership in the same manner and to the same effect as though such membership had never been joint.

Section 2.10. *Transfers and Encumbrances.* No member shall transfer, by operation of law or otherwise, or encumber in any way his membership or any right arising therefrom.

Section 2.11. *Annual Meeting.* The annual meeting of the members of the Corporation shall be held at such date, time and place as fixed by the Board of Directors. At the annual meeting, the members shall elect Directors, receive reports on the activities and financial condition of the Corporation, and transact such other business as may properly come before the meeting.

Section 2.12. *Special Meetings.* A special meeting of the members may be called by the Board of Directors, by that number of directors that is one (1) less than a majority of the directors in office, or by a petition signed by no fewer than ten (10%) percent of the members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided in Section 2.13. The notice of a special meeting shall include the purpose or purposes of the meeting.

Section 2.13. *Notice of Meetings.*

(a) The Corporation shall notify its members of the date, time and place of each annual and special meeting of members no fewer than ten (10), nor more than forty-five (45) days before the meeting date. Notice of a meeting shall be by mail (and, in the case of a special meeting, at the direction of those calling the meeting). Any such notice may be included with member service billings or as an integral part of the Corporation's monthly publication. Such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the Corporation, with postage thereon prepaid and mailed not later than or earlier than the required days prior to the meeting date.

(b) The incidental and non-intended failure of any member to receive such notice shall not invalidate any action which may be taken by the members at any such meeting, and the attendance in person of a member at any meeting of the members shall constitute a waiver of notice of such meeting unless such attendance shall be for the express purpose of objecting to the transaction of any business, or one or more items of business, on the ground that the meeting shall not have been lawfully called or convened. Any member attending any meeting for the purpose of making such objection shall notify the Secretary prior to or at the beginning of the meeting of his objection. Appearance at meeting is waiver of notice.

Section 2.16. *Quorum.* A quorum for the transaction of business at meetings of the members shall be five percent (5%) of all members.

Section 2.17. *Voting Requirements.* Each member shall be entitled to only one vote upon each matter submitted to a vote at any meeting of the members regardless of the number of memberships held. Voting by members other than members who are natural persons shall be allowed upon the presentation to the Corporation, prior to or upon registration at each member meeting, of satisfactory evidence entitling the person presenting the same to vote. At all meetings of the members, all questions shall be decided by a majority of the members voting thereon, except as otherwise provided by law or by the Corporation's Charter or these Bylaws.

Section 2.18. *Action by Written Ballot.* Any action that may be taken at any annual or special meeting of members may be taken without a meeting if the Corporation delivers a written ballot to every member entitled to vote on the matter. The written ballot shall set forth each proposed action and shall provide an opportunity to vote for or against each proposed action. Approval by written ballot shall be valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. All solicitations for votes by written ballot shall:

- (a) Indicate the number of responses needed to meet the quorum requirements;
- (b) State the percentage of approvals necessary to approve each matter other than election of Directors; and
- (c) Specify the time by which the ballot must be received by the Corporation in order to be counted.

### SECTION 3 BOARD OF DIRECTORS

Section 3.01. *General Powers and Qualifications.* All corporate powers of the Corporation shall be exercised by and under the authority of, and the affairs of the Corporation shall be managed under the direction of, the Board of Directors. All Directors must be natural persons, must receive sewer service from the Corporation at his residence and shall be at least eighteen (18) years of age.

Section 3.02. *Number of Directors.* The Board of Directors shall be comprised of five (5) Directors, but these Bylaws may be amended from time to time to increase or decrease the number of Directors within the limits provided by law, although at no time shall there be fewer than three (3) Directors.

Section 3.03. *Election and Tenure.* Directors shall be elected by the members at each annual meeting of the members, and each Director shall be elected to serve for a term of one (1) year, or until his or her successor is elected and qualifies; subject, however, to the removal of any Director by the members as provided in these Bylaws. The three Directors serving on the Corporation's Board of Directors on the effective date of these bylaws shall continue to serve



until the first annual meeting of the members. Nominations for members to serve on the Board of Directors shall be submitted to the Corporation before or at the annual meeting.

Section 3.04. *Regular Meetings.* Except as otherwise provided herein, regular meetings of the Board of Directors may be held without notice at such time and place as the Board of Directors shall determine from time to time, but no less frequently than once a year.

Section 3.05. *Special Meetings.* Special meetings of the Board of Directors may be called by the President or by any two (2) Directors.

Section 3.06. *Notice of Meetings.* Except as otherwise provided herein, regular meetings of the Board of Directors may be held without notice of the date, time, place, or purpose of the meeting. Except as otherwise provided herein, special meetings of the Board of Directors must be preceded by at least two (2) days' notice to each Director of the date, time and place, but not the purpose, of such special meeting. Notice of any adjourned meeting need not be given if the time and place to which the meeting is adjourned are fixed at the meeting at which the adjournment is taken, and if the period of adjournment does not exceed one (1) month in any one (1) adjournment.

Section 3.07. *Waiver of Notice.* If a Director attends or participates in a meeting, he waives any required notice to him of the meeting unless the Director at the beginning of the meeting (or promptly upon arrival) objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

Section 3.08. *Quorum and Voting.* A quorum of the Board of Directors consists of a majority (but no fewer than two (2)) of the Directors then in office before a meeting begins. If a quorum is present when a vote is taken, the affirmative vote of a majority of the Directors present is the act of the Board of Directors, unless these Bylaws, the Charter or the Act require the vote of a greater number of Directors.

Section 3.09. *Vacancy.* If a vacancy occurs on the Board of Directors during the term of a Director, the vacancy shall be filled by the affirmative vote of the remaining Directors until the next annual member meeting.

Section 3.10. *Removal of Directors.* The members may remove any one (1) or more Directors, with or without cause, at any special meeting that is specifically called for that purpose.

Section 3.11. *Action Without Meeting.* Action that is required or permitted to be taken at a meeting of the Board of Directors may be taken without such a meeting if all Directors consent to taking such action without a meeting. If all Directors so consent, the affirmative vote of the number of Directors that would be necessary to authorize or take such action at a meeting shall be the act of the Board, except as otherwise provided in these Bylaws. Such consent shall describe the action taken, be in writing, be signed by each Director entitled to vote, indicate each signing Director's vote or abstention on the action, and be delivered to the Secretary of the Corporation and included in the minutes filed with the corporate records.

Section 3.12. *Indemnification.* With respect to claims or liabilities arising out of service as a Director of the Corporation, the Corporation shall indemnify and advance expenses to each present and future Director (and his or her estate, heirs, and personal representatives) to the fullest extent allowed by the laws of the State of Tennessee, both as now in effect and as hereafter adopted or amended.

Section 3.13. *Immunity.* To the fullest extent allowed by the laws of the State of Tennessee, both as now in effect and as hereafter adopted or amended, each present and future Director (and his or her estate, heirs, and personal representatives) shall be immune from suit arising from the conduct of the affairs of the Corporation.

#### SECTION 4 – OFFICERS

Section 4.01. *Required Officers.* The officers of the Corporation shall be a President, Vice-President and Secretary-Treasurer and such other officers as may from time to time be elected or appointed by the Board of Directors. Except for the offices of President and Secretary-Treasurer, the same individual may simultaneously hold more than one (1) office in the Corporation. All officers must be natural persons and shall be at least eighteen (18) years of age.

Section 4.02. *Election.* Each year at a meeting fixed and held by the Board of Directors, the Board shall elect the officers of the Corporation by a majority vote of those Directors present, provided a quorum exists.

Section 4.03. *Term of Office.* The officers of the Corporation shall hold office for one (1) year or until their successors are chosen and qualify in their stead, subject, however, to the right and authority of the Board of Directors to remove any officer at any time with or without cause.

Section 4.04. *Powers and Duties of Officers.* The powers and duties of the officers of the Corporation shall be as follows:

- (a) *President.* The President shall be the Chief Executive Officer of the Corporation, shall have general and active management of the Corporation, and shall see that all orders and resolutions of the Board of Directors are carried into effect, subject, however, to the right of the Board of Directors to delegate any specific powers, unless exclusively conferred upon the President by law, to any other officer of the Corporation.
- (b) *Vice President.* The Vice President shall have such powers and perform such duties as may be assigned to him or her by the Board of Directors or the President. In the absence or disability of the President, the Vice President shall perform the duties and exercise the powers of the President. The Vice President may sign and execute contracts and other obligations pertaining to the regular course of his or her duties.
- (c) *Secretary-Treasurer.* The Secretary-Treasurer shall attend all meetings of the Board of Directors of the Corporation and shall be responsible for preparing the minutes of such

meetings. The Secretary-Treasurer shall be responsible for the care and custody of the minute book of the Corporation and for authenticating records of the Corporation. It shall be his or her duty to give or cause to be given notice of all meetings of the Board of Directors. In the event the Secretary-Treasurer is absent for some reason from any meeting where minutes are to be prepared or is otherwise unable to take such minutes, the presiding officer of such meeting shall appoint another person, subject to the approval of those present and entitled to vote at such meeting, to take the minutes thereof. The Secretary-Treasurer shall have custody of the Corporation funds and securities, shall keep full and accurate account of receipts and disbursements in the appropriate Corporation books, and shall require the deposit of all monies and other valuable assets in the name of and to the credit of the Corporation in such financial institutions as may be designated by the Board of Directors. The Secretary-Treasurer shall require disbursement of the funds of the Corporation as may be ordered by the Board of Directors, and shall render to the President and the Board of Directors, at any time they may require, an account of his or her transactions as Secretary-Treasurer and of the financial condition of the Corporation. The Secretary-Treasurer shall also perform such other duties as may be assigned to him or her by the Board of Directors or by the President, under whose supervision he shall act.

Section 4.05. *Removal.* The Board of Directors may remove any officer at any time with or without cause.

Section 4.06. *Vacancies.* Any vacancies occurring in the offices of the President, Vice President, Secretary-Treasurer shall be filled by the Board of Directors as soon as practicable. Vacancies in other offices may be filled at the discretion of the Board of Directors.

Section 4.07. *Delegation of Powers and Duties.* In case of the absence of any officer of the Corporation, or for any reason that the Board of Directors may deem sufficient, the Board of Directors may delegate the powers of such officer to any other officer or to any Director for the time being.

Section 4.08. *Indemnification.* With respect to claims or liabilities arising out of service as an officer of the Corporation, the Corporation shall indemnify and advance expenses to each present and future officer (and his or her estate, heirs and personal representatives) to the fullest extent allowed by the laws of the State of Tennessee, both as now in effect and as hereafter adopted or amended.

## SECTION 5 - RECORDS AND REPORTS

Section 5.01. *Corporate Records.* The Corporation shall keep as permanent records minutes of all meetings of its members and Board of Directors, a record of all actions taken by the members or Board of Directors without a meeting, appropriate accounting records, and a list of its members in alphabetical order by class showing their respective addresses and the number of votes each member is entitled to vote.

Section 5.02. *Records at Principal Office.* The Corporation shall keep at all times a copy of the following records at its principal office:

- (a) Its Charter or Restated Charter and all amendments thereto;
- (b) These Bylaws and all amendments thereto;
- (c) Resolutions adopted by the Board of Directors relating to the characteristics, qualifications, rights, limitations and obligations of members or any class or category of members;
- (d) The minutes of all meetings of members and the records of all actions taken by members without a meeting for the past three (3) years;
- (e) All written communications to members generally within the past three (3) years, including the past three (3) years' annual financial statements;
- (f) A list of the names and business or home addresses of its current Directors and officers; and
- (g) The most recent annual report delivered to the Tennessee Secretary of State.

Section 5.03. *Annual Financial Statements.* The Corporation shall prepare annual financial statements that include a balance sheet as of the end of the fiscal year, an income statement for that year, and such other information necessary to comply with the requirements of the applicable provisions of the Act.

## SECTION 6 MISCELLANEOUS PROVISIONS

Section 6.01. *Fiscal Year.* The fiscal year of the Corporation shall be July 1 through June 30.

Section 6.02. *No Seal.* The Corporation shall have no seal.

Section 6.03. *Notices.* Whenever notice is required to be given to Directors or officers, unless otherwise provided by law, the Charter or these Bylaws, such notice may be given in person, or by telephone, telegraph, teletype or other form of wire or wireless communication, or by mail or private carrier or by electronic mail. If such notice is given by mail, it shall be sent postage prepaid by first class United States mail or by registered or certified United States mail, return receipt requested, and addressed to the respective address that appears for each such person on the books of the Corporation. Written notice shall be deemed to have been given at the earliest of the following:

- (a) When received;
- (b) Five (5) days after its deposit in the United States mail if sent first class, postage prepaid; or
- (c) On the date on the return receipt, if sent by registered or certified United States mail, return receipt requested, postage prepaid and the receipt is signed by or on behalf of the addressee.

Section 6.04. *Waiver of Notice.* Whenever any notice is required to be given under the provisions of any statute, or of the Charter or these Bylaws, a waiver thereof in writing signed by the person entitled to such notice, whether before or after the date stated thereon, and delivered to the Secretary of the Corporation and included in the minutes or corporate records, shall be deemed equivalent thereto.

Section 6.05. *Negotiable Instruments.* All checks, drafts, notes or other obligations of the Corporation shall be signed by such of the officers of the Corporation, or by such other person(s), as may be authorized by the Board of Directors.

Section 6.06. *Deposits.* The monies of the Corporation may be deposited in the name of the Corporation in such bank(s) or financial institution(s) as the Board of Directors shall designate from time to time and shall be drawn out by check signed by the officer(s) or person(s) designated by resolution adopted by the Board of Directors.

## SECTION 7 - NONPROFIT OPERATION

Section 7.01. *Interest or Dividends on Capital Prohibited.* The Corporation shall at all times be operated on a cooperative non-profit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Corporation on any capital furnished by its patrons.

Section 7.02. *Disposition of Revenues; Distribution of Excess.* With respect to the Corporation's furnishing of sewer service, the revenues therefrom for any fiscal year, in excess of the amount thereof necessary:

- (a) to defray expenses of the Corporation, including the operation and maintenance of its facilities during such fiscal year;
- (b) to pay interest and principal obligations of the Corporation coming due in such fiscal year;
- (c) to finance, or to provide a reserve to finance, the construction or acquisition by the Corporation of additional facilities to the extent determined by the Board;
- (d) to provide a reasonable reserve for working capital;
- (e) to provide a reserve for the payment of indebtedness of the Corporation maturing more than one year after the date of the incurrence of such indebtedness in an amount not less than the total of the interest and principal payments in respect thereof required to be made during the next following year; and
- (f) to comply with any covenant or obligation of the Corporation pursuant to any contract in which it has entered;

Shall be distributed or credited by the Corporation to patrons:

- (a) as patronage refunds prorated in accordance with the patronage of the Corporation by the respective patrons paid for during or with respect to such fiscal year; or
- (b) by way of general reductions of rates or other charges; or
- (c) by any combination of such methods.

Section 7.03. *Use of Contributed Capital.* The primary purpose of the Corporation is to furnish its patrons with sewer service at the lowest rates and charges consistent with prudent management and sound economy. Therefore, all amounts received and receivable from the furnishing of sewer service to patrons, members and non-members alike, in excess of operating costs and expenses properly chargeable thereto are at the moment of receipt by the Corporation received with the understanding that they are furnished by the patrons as capital. Capital contributed by the patrons shall be used only for capital purposes, including, without limitation, new sewer system improvements, the retirement of sewer system indebtedness at or prior to maturity, and working capital adequate for all purposes, and for facilitation of general rate reductions.

Section 7.04. *Ascertainment of Contributed Capital.* The Corporation shall maintain such books and records as will enable it at any time, upon reasonable notice, to compute the amount of capital contributed during any given accounting period by each of its patrons.

Section 7.05. *Contract.* The patrons of the Corporation, by dealing with the Corporation, acknowledge that the provisions of this Section of the Bylaws shall constitute and be a contract between the Corporation and non-member patrons, and both the Corporation and such patrons are bound by such contract as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provision of this Section of the Bylaws shall be called to the attention of such patrons by being posted in the Corporation's offices.

#### SECTION 8 - WAIVER OF NOTICE

Any member or director may waive, in writing, any notice of meetings required to be given by these Bylaws or any notice that may otherwise be legally required, either before or after such notice is required to be given.

#### SECTION 9 - RULES OF ORDER

Parliamentary procedure at all meetings of the members, of the Board of Directors, of any committee provided for in these Bylaws and of any other committee of the members or Board of Directors which may from time to time be duly established shall be governed by the most recent edition of Robert's Rules of Order, except to the extent such procedure is otherwise determined by law or by the Corporation's Charter or Bylaws. This Article shall be subordinate to any other provision of these Bylaws pertaining to the votes required for action by members, directors or committees.

#### SECTION 10 - RATES AND RULES AND REGULATIONS

The Board of Directors shall set the Corporation's rates and charges for sewer service and shall establish the rules and regulations governing the provision of sewer service by the Corporation. The Corporation's rates and charges and rules and regulations governing the provision of sewer services on the effective date of these Bylaws are attached as Appendix A to these Bylaws. The Board of Directors may change, alter and amend the rates and charges for sewer service and the

rules and regulations governing the provision of sewer service at any time. The Corporation's rates and charges for sewer service and the rules and regulations governing the provision of sewer services shall become a part of every contract with any patron receiving sewer service from the Corporation.

## SECTION 11 AMENDMENT OF BYLAWS

Section 11.01. *By Members.* The Members may amend or repeal these Bylaws at any annual or special meeting of the members where a quorum is present, provided that the notice of such meeting shall state that the purpose, or one (1) of the purposes, of the meeting is to amend the Bylaws and shall also contain a description of the amendment to be considered. An amendment to these Bylaws must be approved by the members by the lesser of: (a) two-thirds (2/3) of the votes cast, or (b) a majority of the total number of votes entitled to be cast. These Bylaws may also be amended by the members without a meeting in the same manner as provided therefor herein, except that such action to amend must be by: (a) two-thirds (2/3) of the votes cast, or (b) a majority of the total number of votes entitled to be cast, whichever is less.

Section 11.02. *By Board of Directors.* By a majority vote of the Directors then in office, the Board of Directors may amend these Bylaws, including bylaws adopted by the members, at any regular or special meeting of the Board of Directors where a quorum is present, provided that such meeting is preceded by at least two (2) days' notice to each Director of the date, time and place of the meeting. Such notice shall also state that the purpose, or one of the purposes, of the meeting is to consider a proposed amendment to the Bylaws, and shall contain or be accompanied by a copy or summary of the proposed amendment or state the general nature thereof. These Bylaws may also be amended by the Directors without a meeting in the same manner as provided therefor herein, except that such action to amend must be by a majority vote of the Directors then in office.