

EXHIBIT B

BY LAWS  
OF  
MARBURY WATER SYSTEM, A CORP.

ARTICLE I

GENERAL PURPOSES

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

ARTICLE II

NAME AND LOCATION

Section 1: The name of this corporation is Marbury Water System, a Corporation.

Section 2: The principle office of this corporation shall be located in the unincorporated community of Marbury, Alabama, 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 the corporation shall have inscribed thereon the name of the corporation, the state in which incorporated and the words ``corporate seal.''

Section 2: The Secretary-Treasurer of the corporation shall have custody of the seal.

ARTICLE IV

FISCAL YEAR

The fiscal year of the corporation shall begin on the 1<sup>st</sup> day of October in each year.

ARTICLE V

MEMBERSHIP

Section 1: The holders of water user's agreements of this corporation and their spouses are its members. Any person having a reasonable accessibility to the source of and who is in need of 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 or otherwise signing such agreements 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 acquire a membership in the corporation if the capacity of the corporation's water system is exhausted by the needs of its existing members. There shall be no membership fees as such.

Section 2: At any meeting of the members of the corporation, each member of record and his or her spouse shall be entitled to one vote only regardless of the number of water user's agreements held, provided the member is in good standing for all water user's agreements.

Section 3: In case of the death of a member, or if a member ceases to be eligible for membership, or if a member willfully fails to comply with the by-laws or the rules and regulations of the corporation, the Board of Directors may terminate his membership by resolution of the board. Any member whose membership is terminated, for cause, other than ceasing to be eligible, may appeal the action of the Board of Directors to the members at their next regular or special meeting.

## ARTICLE VI

### MEMBERSHIP

Section 1: This corporation shall not have capital stock, but its capital shall be represented by water user's agreements.

Section 2: Each member agrees to sign such water user's agreements as the corporation shall from time to time provide and require.

## ARTICLE VII

### MEETINGS OF MEMBERS

Section 1: The annual meeting of the members of the corporation shall be held at Marbury, Alabama at 7:00 PM, on the Second Monday of November of each year. The place and time of the annual meeting may be changed by the Board of Directors giving notice thereof to each member not less than ten(10) days in advance thereof.

Section 2: Special meetings of members may be called at any time by the action of the Board of Directors and such meetings must be called by the President whenever a petition requesting such meeting is signed by at least ten per cent

of the members and presented to the President or to the Board of Directors. The purpose of such meeting shall be stated in the notice thereof, and no business shall be transacted thereat except as is specified in the notice.

Section 3: Notice of any special meeting of members of the corporation may be given by a notice mailed to each member of record, directed to the address shown on the books of the corporation, not less than ten days nor more than fifteen days prior to the meeting. Such notice shall state the day and hour, place and purpose of the meeting. Notice of the annual meeting shall be given by the Board of Directors in the same manner as is required of a special meeting.

Section 4: The members present at any meeting of the members shall constitute a quorum at any meeting of the corporation for the transaction of business, provided, however, that if there are not less than thirteen members in good standing present, and except when the corporation desires to sell, lease, exchange, mortgage, pledge or make other disposition of all, or substantially all, of the property and assets, with or without the good will of the corporation, in which event the provisions and requirements set forth in the Charter shall be followed. There shall be no proxy voting except when a meeting is to be held to vote on the sale, lease, exchange, mortgage, pledge or other disposition of all, or substantially all, of the property and assets of the corporation, when in such event proxy voting shall be allowed.

Section 5: Directors of this corporation shall be elected at the annual meeting of the members. No cumulative voting shall be allowed.

Section 6: The order of business at the annual meetings and so far as possible at all other meetings shall be:

1. Call to order and report of the Secretary as to the number present.
2. Proof of notice of meeting, if required.
3. Reading and action on any unapproved minutes.
4. Open Floor.
5. Reports of officers and committees.
6. Election of directors.
7. Unfinished business.
8. New business.
9. Adjournment.

## ARTICLE VIII

### DIRECTORS AND OFFICERS

Section 1: The Board of Directors of this corporation shall consist of five members, all of who shall be members of the corporation. The Directors named in first meeting of incorporators shall serve until the first annual meeting of the members and until their successors are elected and have qualified. At the first meeting of the members, one director shall be elected for a term of one year; two directors for a term of two years; and two 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.

Section 2: The Board of Directors shall meet within ten days after the first election and within ten days after the annual election of directors and shall elect a President and Vice-President from among themselves and the Secretary-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 or her successor unless sooner removed by death, resignation, or for cause.

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 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 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: Compensation of officers may be fixed at any regular or special meeting of the Board of Directors. Directors shall receive no compensation for their services as such.

Section 6: Officers and directors may be removed from office for 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-Treasurer of the corporation. If presented by a member, the charges must be accompanied by a petition signed by ten per

cent of the members of the corporation. 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 charge or charges have been presented shall be informed, in writing, of such charges no less than 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 being 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 officer in the corporation. A vacancy in any office thus created shall be filled by the Directors from among their number so constituted after the vacancy in the Board has been filled.

## ARTICLE IX

### DUTIES OF DIRECTORS

Section 1: The Board of Directors subject to the restrictions of law, the Charter, or these By-Laws, 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 hereby given, full powers and authority (to be exercised by resolution duly adopted by the Board) in respect to the matters and as herein set forth:

- a. To pass upon the qualifications of members.
- b. To select and appoint all officers, agents or employees of the corporation or to remove such agents or employees of the corporation for just cause, prescribe such duties and designate such powers as may not be inconsistent with these by-laws, fix their compensation and pay for faithful services.
- c. To borrow from any source, money, goods or service, to make and issue notes and other negotiable and transferable instruments, mortgages, deeds of trust and trust agreements and to do every act and thing necessary to effectuate the same.
- d. 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.

- e. 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 for the ensuing year. Copies of such audits and budgets shall be submitted to any parties as may be required by other agreements.
- f. To fix charges, rates and connection fees, to be paid by each member for services rendered by the corporation to him, the time of payment and the manner of collection.
- g. To require all officers, agents and employees charged with responsibility for the custody of any of the funds of the corporation to give adequate bond, the cost thereof to be paid by the corporation, and it shall be mandatory upon the directors to so require.
- h. To select one or more banks or savings and loan associations, 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 bank and or savings and loan associations and the person or persons signing such checks and the form thereof at will, except that no bank or savings and loan association may be 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.
- I. With the approval of the majority of the members present at any regular or special meeting, to levy assessments against the membership of the corporation and to enforce the collection of such assessments by cancellation of water user agreements. The Board of Directors shall have the option to cancel any water users agreement on which assessment has not been paid, at any time after ninety days from the date the assessment was due, provided that the corporation must give the members at least thirty days written notice at the address of the member on the books of the corporation, of its intention to cancel the water users agreement if the assessment is not paid. No personal liability shall be placed upon any member because of the assessment beyond the value of the membership.

ARTICLE X

DUTIES OF OFFICERS

Section 1: Duties of President- The President shall preside over all meetings of the corporation and the Board of Directors, call special meetings of the members and the Board of Directors, perform all acts and duties usually performed by an executive and presiding officer and sign all papers of the corporation as he may be authorized or directed to sign by the Board of Directors. The Board of Directors may authorize any person to sign any and all checks, contracts and other instruments in writing on behalf of the corporation. The President shall perform such other duties as may be prescribed by the Board of Directors. The President shall not vote except to break a tie vote.

Section 2: Duties of the Vice-President-In the absence or disability of the President, the Vice-President shall perform the duties of the President, provided, however, in the case of death, resignation or disability of the President, the Board of Directors may declare the office of President vacant and elect a successor.

Section 3: Duties of the Secretary-Treasurer- The Secretary-Treasurer shall keep a complete record of all meetings of the corporation and of the Board of Directors and shall have general charge and supervision of the books and records of the corporation. He or she shall sign, with the president such papers pertaining to the corporation as he or she may be authorized or directed to do so by the Board of Directors. He or she shall serve all notices required by law and by these by-laws and shall make a full report of all matters and business pertaining to his or her office to the members at the annual meeting. He or she shall keep the corporate seal and records of the corporation and affix said corporate seal to all papers requiring seal. He or she shall keep a proper membership record, showing the name and address of each member of the corporation. He or she shall make all reports required by law and shall perform such other duties as may be required of him or her by the corporation or the Board of Directors. Upon the election of his or her successor, the Secretary-Treasurer shall turn over to him or her all books and other property belonging to the corporation that he or she may have in his or her

possession. He or she shall also perform such duties with respect to the finances of the corporation as may be prescribed by the Board of Directors.

## ARTICLE XI

### Benefits and Duties of Members

Section 1: 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 or beginning of easement of each member of the corporation at which points, designated as delivery points, meters to be purchased, installed, and owned and maintained by the corporation shall be placed. The cost of the service lines from its main distribution lines shall be paid by the corporation. The corporation will also purchase and install a cut-off valve and backflow preventor 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 cut-off 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 requirements. The water delivered through each service line shall be metered and the charges 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; 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 members for domestic purposes before supplying any water for livestock purposes and must satisfy all or the needs of 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 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 the payment of such charges, and shall notify each member of the amount of such charges and the dates of 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 Directors. The failure to pay water charges duly imposed shall result in the automatic imposition of the following penalties:

- a. Nonpayment within 20 days from the due date will be subject to a penalty of ten (10) per cent of the delinquent account.
- b. Nonpayment within forty days from the due date will result in the water being shut off from the member's property.
- c. Nonpayment for sixty days after original due date will allow the corporation, in addition to all other rights and remedies to terminate his membership, and in such event the member would not be entitled to receive, nor the corporation obligated to supply any water under this agreement.

Section 5: 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 section of the 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, then 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 of all buildings, equipment and office fixtures and such other reserves as the Board of Directors may deem proper and after providing for payment on interest and principal of obligations and amortized debts of the corporation, and after providing for the purchase of proper supplies and equipment, the net earnings shall be accumulated in a surplus fund for the purpose of replacing,

enlarging, extending and repairing the system and property of the corporation and to prepay the outstanding obligations of the corporation.

### ARTICLE XIII

#### AMENDMENTS

Section 1: These by-laws may be repealed or amended by a vote of a majority of the members 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 Farmers Home Administration, the members shall not have the power to change the purposes of the corporation so as to decrease its rights and powers under the laws of the State, or to waive any requirement or bond or other provision for the safety and security of the property and funds of the corporation or its members or so to amend the by-laws as to effect a fundamental change in the policies of the corporation without the prior approval of the Farmers Home Administration in writing. Notice of any amendment to be made at any special meeting of the members must be given at least ten days before such meeting and must set forth the amendment to be considered.

#### APPROVAL

There was a special meeting of the members of the Marbury Water System held, Monday, December 4, 1995, at the Marbury Community Center at 7:00 PM. There were 18 members present.

Following a discussion of the above revisions these by-laws were approved by a unanimous vote of the members present as attested by the following:

Robert Kelly- Vice-President  
Susan Whitfield- Secretary-Treasurer  
Aaron L. Adams Sr.- Member at Large

We the undersigned charter members of Marbury Water System hereby adopt the foregoing By-Laws, this 21st day of February, 1969.

*E. H. Freeman*  
E. H. Freeman

*J. D. Evans, Jr.*  
J. D. Evans, Jr.

*Annie Carter*  
Annie Carter

*J. E. Varner*  
J. E. Varner

W. P. Bruner

*A. C. Oates*  
A. C. Oates

*Bill Henry*  
Bill Henry

*Clark H. Baldwin*  
Clark H. Baldwin

*Roy Adams*  
Roy Adams

*Walter Evans*  
Walter Evans

*C. H. Guy*  
C. H. Guy

*A. G. Dennis*  
A. G. Dennis