

**BYLAWS
Of
AUBURN WATER SYSTEM, INC.**

ARTICLE I

General Purposes

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

ARTICLE II

Name and Location

- Section 1.** The name of this Corporation is the AUBURN WATER SYSTEM INCORPORATED.
- Section 2.** The principal office of this Corporation shall be located at 3097 Locke Lane, Crestview, County of Okaloosa, State of Florida 32536.

ARTICLE III

Seal

- Section 1.** The seal of the Corporation shall have inscribed thereon the name of the corporation, the year of its organization and the words, "Corporation Not For Profit, Auburn Water System Inc."
- Section 2.** The Corporation shall retain custody of the seal under the direction of the Secretary.
- Section 3.** The seal may be used for causing it or a facsimile thereof to be impressed, affixed or otherwise reproduced.

ARTICLE IV

Fiscal Year

The fiscal year of the corporation shall begin the first day of July in each year.

ARTICLE V

Membership

- Section 1.** Each person or entity that makes a deposit and pays a monthly bill for a water service to Auburn Water System shall be considered a member. For purposes of voting, there shall be one vote regardless of the number of service connections they may hold. Membership shall cease upon termination of account with Auburn Water System, except in the case where an individual or entity holds more than one service connection. In that case, membership shall continue as long as at least one connection is maintained as active.
- A.** Substantial possessory interest is one where the person or persons have a legal right to the control and occupancy of a property but do not have the legal or the equitable ownership of same. Said property may be under a lease or similar right to possession.
- 1.** Before membership is allowed to one or more persons claiming such an interest, the Corporation will endeavor to obtain the application for membership from the owner of such property.

2. Where membership is granted to one or more persons having a substantial possessory interest, the Corporation, as a condition to the membership, may require such applicant to post such collateral or bond as the directors determine necessary to fully protect the corporation from any additional risk that may be involved to the corporation by reason of the lack of legal ownership in the applicant.
3. Regardless of the number of owners for a single property, there shall be only one vote allowed per account. Legal action necessary against the account for non- payment shall be filed against each owner.

- Section 2.** Each service connection shall require a deposit. When more than one person holds the interest in a property served, the vote shall be exercised by the person in whose name the deposit for service was made.
- Section 3.** The termination of the membership of any member shall not disqualify any other person for membership who has or obtains an interest in the property of the terminated member and who otherwise meets the requirements of these bylaws.
- Section 4.** In the event a member's property interest is divested other than by voluntary means, such member's membership will pass to the trustee, receiver, executor, or the like, who will be entitled, either in person or through a designated representative, to exercise all of the rights incident to such membership, and subject to such duties and liabilities applicable to the membership. The trustee, receiver, executor, or the like, may terminate such membership by written notice to such affect delivered or mailed to the secretary of the Corporation. Upon the final disposition of such property rights, the owner thereof shall be entitled to membership in like manner as if the membership had been transferred to him by the original member.
- Section 5.** Upon the transfer of a service, the Corporation will not look at the successor in interest for the payment of any past due amounts. The Corporation will seek collection only from the individual who incurred such charges or assessments, or from the property itself, if a judgment lien has been duly perfected against such property.
- Section 6.** Should the assets of Auburn Water System be sold or transferred, the assets must transfer to another not-for-profit entity. However, this section shall not apply to the routine sale of surplus or unneeded assets. Any person who has served as an officer, employee or director of AWS within the preceding ten years shall not be eligible to receive any profits from the sale or transfer of the assets of AWS. Adopted 7-18-11.

ARTICLE VI

Meeting of Members

- Section 1.** The annual meeting of the members of this Corporation shall be held at a place designated in the County of Okaloosa, State of Florida, at 6:00 o'clock P.M. on the third Monday in July of each year, if not a legal holiday, or if a legal holiday on the next business day following. The place, day, and time of the annual meeting may be changed to any convenient place, day, time in the county 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 the members may be called at any time by the Board of Directors. Such meetings may be called whenever a petition requesting such meeting is signed by at least ten percent of the members and presented to the secretary or the Board of Directors. The purpose of every special meeting shall be stated in the notice thereof, and no business shall be transacted except as specified in the notice.
- Section 3.** Notice of meetings of members of the corporation, both regular and special, shall be sent by first-class mail to each member of record, directed to the address shown upon the books of the corporation, not less than ten (10) nor more than forty (40) days prior to such meeting. Such a 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 4.** A minimum number of four (4) members must be present to constitute a quorum. Members of the Board of Directors, present at such membership meetings, shall qualify as a member for purposes of said quorum. Adopted 7-18-11.

Section 5. The Board of Directors of this Corporation shall be elected by a vote of a majority of the voting members. All voting on the election of Board of Directors, on any motion or resolution, or any other matter submitted to the membership, shall be by mail. When such written vote is received by mail from any member, it shall be counted as a vote of the member at such meeting if received by the corporation or its designee not later than ten (10) days prior to any meeting.

Each member shall be entitled to only one (1) vote upon each matter submitted to a vote at a meeting of the members. All questions shall be decided by a vote of a majority of the members voting thereon unless otherwise provided by law, the Articles of Incorporation, or these bylaws. In case a husband and wife, or joint tenants, with right of survivorship, own a membership, a written vote received from the owner or owners of this particular membership shall constitute one vote. No members shall be entitled to vote by proxy. The failure of any member to receive a copy of any such ballot shall not invalidate any action that may be taken at the meeting at which the ballot is to be voted. The counting of the ballots shall be by an independent unrelated firm or designee.

Section 6. Order of Business

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

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

Section 7. Minutes from the previous year shall be approved by the Board of Directors at the annual meeting and not sent out for approval with ballots.

ARTICLE VII

Directors and Officers

Section 1. The Board of Directors of this Corporation shall consist of seven (7) members, all of whom shall 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. At the first annual meeting, three (3) directors shall be elected for a term of one (1) year; two (2) directors for a term of two (2) years; and two (2) directors for a term of three (3) years. At each annual meeting thereafter, the members shall elect for a term of three (3) years the number of directors whose terms of office have expired. Each director shall hold office for the term for which he is elected and until his successor shall have been elected and qualified.

Section 2. Each person seeking the office of Director shall provide a statement of financial interest, on a form, as approved by the Board of Directors (Adopted 7-18-11), along with their background information, as a part of the information package to be sent for review by the members prior to election. A director must refrain from voting on issues which present actual or potential conflicts of interest.

Section 3. Nominating procedures for the Board of Directors:

Nominations for directors of this corporation shall be submitted on a form provided by Auburn Water System, Inc. and received in the office by the close of business on the third Monday of May. A resume of those individuals nominated by the Nominating Committee will be mailed to the membership during the first week of June with the May water bills.

- Section 4.** The Board of Directors shall meet within ten (10) days after the annual election of directors and shall elect a president and vice-president, a secretary, a treasurer, or a secretary treasurer, from among themselves. Each director 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. No Board member shall be eligible to serve in the capacity of President or Vice-President unless he or she shall have served as a member of the Board for a minimum of one year in the two-year period immediately preceding the nomination to serve as President or vice-President. Adopted 7-18-11
- Section 5.** 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 quorum, shall, by a majority vote, choose a successor who shall hold office to fill the remainder of the unexpired term.
- Section 6.** A majority of the Board of Directors shall constitute a quorum at any meeting of the board. The affirmative vote of the majority of the directors at a meeting at which a quorum is present shall be the act of the board
- Section 7.** The Board of Directors, as such, shall not receive any salary for their services; but by resolution of the Board of Directors, a fixed sum and expenses of attendance, if any, may be allowed for attendance at each regularly scheduled monthly meeting of the Board. If authorized by the Board, the Board Members may also be reimbursed for expenses actually and necessarily incurred in carrying out such Corporation business or granted a reasonable per diem allowance by the Board in lieu of detailed accounting for some of these expenses. No Board Member shall receive compensation for serving the Corporation in any other capacity. No close relative (spouse, child, mother or father) of a Board Member shall receive compensation for serving the Corporation, unless the payment and amount of compensation shall be specifically authorized by a vote of the board or unless the service by the Board Member or their close relative (spouse, child, mother or father) is certified by the board as an emergency measure. Any employee of Auburn Water System who shall be elected to serve on the Board of Directors shall be required to resign his or her position with AWS effective as of the date said Director is seated on the Board. Adopted 7-18-11.
- Section 8.** 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 Corporation. If presented by a member, the charges will be accompanied by a petition signed by ten percent 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 a majority of those voting if a quorum is present. The director or officer against who such charges have been presented shall be informed, in writing, of such charges at least twenty days prior to the meeting, and shall have the opportunity at such meeting to be heard in person or by counsel and to present witnesses; and the person or persons presenting such charges against him shall have the same opportunity. If the removal of a director is approved, such action shall also vacate any other office held by the removed director in the Corporation. A vacancy in the board thus created shall immediately be filled by nomination of a member or members and a vote of a majority of the members present and voting at such meeting. A vacancy in any office thus created shall be filled by the Board of Directors from among their number so constituted after the vacancy in the board has been filled.

ARTICLE VIII

Powers and Responsibilities of the Board

- Section 1.** The Board of Directors, subject to restrictions of law, the Articles of Incorporation, and 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 in respect to the matters as hereinafter set forth to be exercised by resolution duly adopted by the board:
- a. To select and appoint all agents or employees of the Corporation; remove such agents or employees of the corporation; prescribe such duties and designate such powers as may not be inconsistent with these bylaws; fix their compensation and pay for faithful services.

- b. To borrow, money, goods or services from any source and to make and issue notes and other negotiable or non-negotiable instruments evidencing indebtedness of the Corporation; to make and issue mortgages, deeds of trust, pledges of revenue, trust agreements, security agreements and financing statements and other instruments evidencing a security interest in the assets of the Corporation; and, to do every act and thing necessary to effectuate the same.
- c. To prescribe, adopt and amend, from time to time, such equitable uniform rules and regulations as, in its discretion may be deemed essential or convenient for the conduct of the business and affairs of the Corporation, the guidance and control of its officers and employees and to prescribe adequate penalties for the breach thereof.
- d. To order, at least once each year, an audit of the books and accounts of the Corporation by a certified public auditor or accountant. The report prepared by such auditor or accountant shall be submitted to the members of the Corporation at their annual meeting, together with a proposed budget for the following fiscal year. Copies of such audits and budgets shall be submitted to such parties as may be required by other agreements.
- e. To fix and alter the charges to be paid by each member for services rendered by the Corporation to the members, including connection fees where such are deemed to be necessary by the directors.
- f. To fix and alter the method of billing, time of payment, manner of connections, and penalties for late or nonpayment of the same.
- g. The board may establish one or more classes of users, and all charges shall be uniform and non-discriminating within each class of users.
- h. To require all officers, agents, and employees charged with responsibility for the custody of any of the funds of the Corporation to give adequate bonds, the cost thereof to be paid by the Corporation. This requirement shall be mandatory.
- i. To select one or more banks to act as depositories of the Corporation; to determine the manner of receiving, depositing, and disbursing the funds of the Corporation, and to determine the form of checks and the person or persons by whom the same shall be signed, with the power to change such banks and the person or persons signing such checks and the form thereof at will.
- j. To levy assessments against the members of the Corporation in such manner and upon such proportionate basis as the directors deem equitable, and to enforce collection of such assessments by the suspension of water service or other legal methods. The Board of Directors shall designate the option to AWS management to suspend the service of any member who has not paid such assessment within 20 days from the date the assessment was due. Upon payment of such assessments, any penalties applicable thereto, plus a reconnection charge, service will be promptly restored to such a member.

ARTICLE IX

Duties of Officers

Section 1. Duties of the President.

The President shall preside over all meetings of the Corporation and the Board of Directors, call special meetings of the Board of Directors, perform all acts and duties usually performed by an executive and presiding officer, and sign such other papers of the Corporation as deemed necessary or as directed to sign by the Board of Directors, including the authority to execute all resolutions of the Board of Directors which have been duly adopted by the Board. (Adopted 7-18-11). The President shall perform such other duties as may be prescribed by the Board of Directors.

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, that in case of death, resignation, or disability of the President, the Board of Directors may declare the office vacant and elect a successor.

Section 3. Duties of the Secretary.

The Secretary shall cause to be kept 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. The secretary shall attest the President's signature on all Corporation documents so requiring such, unless otherwise directed by the Board of Directors. The Secretary shall cause to serve, mail, or deliver all notices, required by law and by these bylaws, and shall make a full report of all matters and business pertaining to the office to the members at the annual meeting or at such other time or times as the Board of Directors may require. The Secretary shall cause to have affixed said corporate seal to all papers requiring such. The Secretary shall assure all reports required by law are completed and shall perform such other duties as may be required by the Corporation or the Board of Directors. Upon the election of a successor, the Secretary shall turn over to the successor all books and other property belonging to the corporation that the Secretary may have in their possession.

Section 4. Duties of the Treasurer.

The Treasurer shall be responsible for custody of all funds and securities of the Corporation; and the general performance of all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned by the Board.

ARTICLE X

Benefits and Duties of Members

Section 1. The Corporation will install, maintain and operate a main distribution pipeline or lines from the source of the water supply and service lines from the main distribution pipeline or lines to the property line of each member of the corporation. From these points, designated as delivery points, meters purchased, installed, owned and maintained by the Corporation shall be placed. The cost of the service line or lines from the main distribution pipeline or lines of the Corporation to the property line of each member shall be paid by the Corporation. The Corporation also may purchase and install a cutoff valve in each service line from its main distribution line or lines. This cutoff valve-will be owned and maintained by the Corporation and will be installed on some portion of the service line owned by the Corporation. The Corporation shall have the sole and exclusive right of use of such cutoff valve. However, the provisions of this section shall not be construed to require the acquisition or installation of meters or cutoff valves where the directors determine, under the circumstances of the system and the nature of the membership, that the use of either or both of such devices is impractical, and/or unnecessary to protect the system and the rights of the membership, and/or economically unfeasible. The tap fee paid by a member is for the tap in to the main line and does not include the meter box or any equipment contained therein, which remains the property of Auburn Water System. Auburn Water is not responsible for the cost of upgrading existing lines to serve a new development project if the existing transmission line is not large enough to provide adequate flow and/or fire protection. It shall be the responsibility of the developer to install the water lines, valves, hydrants, etc. within their development after their plans have been approved by AWS and appropriate fees paid. Further, it shall be the responsibility of the developer to pay all costs associated with connection from their development to AWS main lines. AWS may agree, via vote from the Board, to pay increased cost of upgrading a line over and above what is to be required from the developer of the proposed project, if upsizing the line is in the best interest of AWS.

Section 2. Each member will be required, at his own expense, to provide a ditch for the connection of the service line or lines from the property line of the member to his dwelling or other portion of his premises, Additionally, the member shall have the responsibility to purchase and have installed the portion of the service line or lines from his property line to the place of use on his premises. The member will maintain such portion of such service line of lines, which shall be owned by the member, at their own expense.

- Section 3.** Each member may be permitted to have additional service lines from the Corporation's water system at the discretion of the Board of Directors, upon proper application therefore and the tender of payment not to exceed the then existing connection charge. Each service line shall incur a separate tap-in and capacity replacement fee. The approval by the Board of Directors of additional service lines to an existing member may be made conditional upon such provisions as the Board of Directors determines necessary to protect the interests of other members and to allow for the orderly expansion and extension of the system to serve other property that may need service along the distribution lines of the system. Each service line shall connect with the Corporation's water system, providing the system has sufficient capacity to permit the delivery of water through a service line to that point without interfering with water through a prior service line. If the Corporation's water system is inadequate to permit the delivery of water through a service line installed at such place without interfering with the delivery of water through a prior service line, then such service line shall be installed at such place designated by the Corporation.
- Section 4.** Each member may be permitted to purchase from the Corporation, pursuant to such agreement as may from time to time be provided and required by the Corporation, such water as is needed for domestic, commercial, agriculture, industrial or other purposes as a member may desire, subject, however, to the provision of these laws and to such rules and regulations as may be prescribed by the Board of Directors. Each member shall be entitled to have delivered to them through their service lines only such water as may be necessary to supply the needs of each member including their family, business, agricultural or industrial requirements. The water delivered through each service line may be metered separately, irrespective of the number of service lines owned by a member.
- Section 5.** 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. The Board may also prescribe a schedule of hours covering use of water for commercial, agricultural or industrial purposes by particular members. The Board shall require adherence thereto or prohibit the use of water for commercial, agricultural or industrial purposes. 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 should first satisfy all of the reasonable needs of the members for domestic purposes before supplying any water for livestock purposes. The needs of the members for domestic purposes shall be met before supplying any water for commercial or industrial purposes. Where a member has more than one service line, the Corporation may cut off the flow of water to the non- domestic service lines until such time as the supply of water from the system is sufficient to meet the needs of all of the members for domestic, livestock, and garden purposes. During such periods of shutoff of additional service lines, there shall be no minimum fee charged to the members having such additional service lines and the cost, if any, of resuming the flow of water to such additional service lines shall be borne by the Corporation.
- Section 6.** The Board of Directors shall, determine the flat minimum monthly rate to be charged each member during the following calendar year for a specified quantity of water. Such flat minimum monthly rate is to be payable irrespective of whether any water is used by a member during the month, The amount of additional charges, for water used in excess of the minimum amount, and the amount of any penalty for late payments, shall be charged to the customer in the normal monthly billing cycle. 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 fifteen (15) days from the due date will be subject to a penalty of Ten (10%) percent of the delinquent account, which percent may be changed at the discretion of the Board of Directors.
 - b. Nonpayment within twenty days from the due date will subject the member to the water being shut off from their property without any notice thereof to such delinquent member. Upon the payment by the delinquent member of all charges assessed which are necessary to make the account current, the member shall be entitled to resumption of the water supply. During the time of such suspension of water to a member, such member shall have no right to vote in the affairs of the Corporation.

- c. Notwithstanding section b above, when a residential account has billing in excess of \$200, and the account has not been paid within 5 days after the due date, the meter shall be locked without further notice to such delinquent member until such time as the account is paid in full. Notwithstanding section b above, when a commercial account has billing in excess of \$300, and the account has not been paid within 5 days after the due date, the meter shall be locked without further notice to such delinquent member until such time as the account is paid in full. **February 15, 2010**

Section 7. The Board of Directors shall be authorized to require each member to enter into the water users agreement, which shall embody the principles set forth in the foregoing provisions of these bylaws.

Section 8. Should a customer request a refund prior to the meter being installed, or if AWS is unable to provide service (for which AWS will issue a refund) and the customer decides at some later date to re-apply for service, the tap fee will be the fees current at that point in time.

ARTICLE XI

Surplus Funds

Section 1. Any funds which are collected and which are in excess of actual expenses of the corporation, shall be retained for capital improvement and general operations reserve.

ARTICLE XII

Amendments

These bylaws may be repealed or amended by a vote of a majority of the members present at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for that purpose, except that so long as any indebtedness is held by or guaranteed by Rural Development, USDA, the members and Board of Directors 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 requirement of 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 bylaws as to effect a fundamental change in the policies of the corporation without the prior approval of Rural Development, USDA, in writing. (Underline wording adopted 7-18-11)

AWS certifies that the foregoing bylaws were duly adopted by the members of the corporation on July 18, 2011, and that the same are in full force and effect and have not been amended since that date.

Copies of the AWS bylaws shall be made available on the corporation's website. Printed copies will be made available to new members upon request.

RULES AND REGULATIONS
OF
AUBURN WATER SYSTEM, INC.

Section 1. CLASSIFICATION OF SERVICE

Residential: This category applies strictly to a single-family dwelling or to each residential unit in a mobile home park, duplex or multiple dwelling building.

Commercial: This category applies to all services not classified as residential.

Section 2. APPLICATION FOR SERVICE:

- a. The customer will make application for service, in person, at the office of the Corporation and at the same time, shall pay all current tap fees.
- b. The Corporation may reject any application for service: not available under a standard rate; which requires excessive service cost; which may affect the supply of service to other members; until all previous bad debts have been paid, or for any other good and sufficient reasons.
- c. Should a member leave the water system and not pay their balance in full, and the security deposit does not cover the bill, Auburn Water System shall turn the information over to the collection agency for resolution. No new occupant of said structure shall be responsible for the balance owed by a previous occupant. For rental units, the owner shall be required to complete the Representation of Owner/Owner's Agent Form before water will be provided to a new occupant.

Section 3. GUARANTEED DEPOSIT:

- a. For residential and commercial use, the minimum cash deposit, as stated in the current "Fee and Rate Schedule," shall be required. The Corporation shall have the option, to require any customer who has had their water disconnected, because of non-payment more than twice in a calendar year, to pay an increased deposit equal to twice the normal amount approved by the Board.
- b. The individual in whose name the deposit is made shall be responsible for payment of all bills incurred in connection with the service furnished.
- c. A separate deposit is required for each meter installed.
- d. The guarantee deposit receipt is not negotiable and can be redeemed only at the Corporation's offices.
- e. Where the Corporation finds that the request for a guarantee deposit refund is questionable, the Corporation may require the applicant for refund to produce the deposit receipt properly endorsed.
- f. Any member with a good payment history of six (6) months, may, upon request, transfer an existing membership deposit and any outstanding bill to a new address. All deposits will be held without interest paid to the member. All deposits will be held in perpetuity until such time as the member terminates service. When termination is requested, the final bill will be subtracted from the deposit and any remainder will be sent to the customer. For accounts where the final bill exceeds the deposit, a bill for the remainder of the account will be sent to the customer.

Section 4. INITIAL OR MINIMUM CHARGE:

- a. The initial or minimum charge, as provided in the "Fee and Rate Schedule", shall be made for each meter installed, regardless of location.
- b. For all new mobile home parks, a separate meter shall be required for each space. For campgrounds, one meter will be required, with an additional fee of \$2.00 per month per space to be assessed in addition to the water used.
- c. The consumer shall be allowed additional minimum water prorated at the regular minimum rates as evidenced by the published "Fee and Rate Schedule" of the Corporation. All excess water will be billed at the Corporation's regular published rates.

- d. A separate water meter shall be required for each single family occupancy, duplexes, triplexes, etc. shall require a meter for each unit.
- e. The minimum charges for additional residential and commercial units shall apply regardless of whether the residential or commercial unit is occupied or unoccupied.
- f. Where service is furnished to a consumer during the summer months only, the minimum charge per service for the period of such absence shall be the regular minimum as set out in the published rates of the Corporation. All excess water will be billed at the Corporation's regular published rates. If the consumer takes exception to this rule and insists that the service be wholly discontinued during periods of absence, the Corporation will make a charge for such cutoff and re-connection in accordance with the "Fee and Rate Schedule".
- g. Water furnished for a given lot or residence shall be used on that lot or residence only. Each class of service must be separately metered. Each customer's service must be separately metered at a single delivery and metering point. Each commercial unit and each storeroom or stall used for business purposes, shall have a separate meter. All commercial use, including storerooms and stalls for business purposes shall be metered separately from any residential use, and vice versa, whether now in service or to be installed in the future. Taps shall be paid for a specific lot or parcel and are not transferable.

Section 5. CORPORATION'S RESPONSIBILITY AND LIABILITY

- a. The Corporation shall run a service line from its distribution pipe to the point on the members' property where the distribution line exists and runs immediately adjacent and parallel to the property to be served. A tap-on fee will be charged for each such new service in accordance with the "Fee and Rate Schedule". Note: The connection charge may be changed by order of the Corporation at such time as market conditions may justify, with all other provisions herein remaining in effect. The Corporation will not provide service to any future building in the 100 year floodplain unless the builder/developer provides evidence they can meet the county requirements for meter height above the flood line. Areas denoting the 100 year floodplain are to be determined by the F.E.M.A. Flood maps.
- b. The Corporation may install its meter at the property line, or, at the Corporation's option, in a location mutually agreed upon between AWS and the customer.
- c. When two or more meters are to be installed on the same premises for different customers, they shall be closely grouped and each clearly designated as to which customer it applies.
- d. The Corporation does not assume the responsibility of inspecting the customer's piping or apparatus and will not be responsible therefore. The customer will be billed, and is responsible for, payment for all metered water.
- e. The Corporation reserves the right to refuse service unless the consumers' lines or piping are installed in such manner as to prevent cross connection or backflow of water into the Corporation's lines. In the event Auburn Water System deems a backflow protection device necessary, the member will be billed for the cost of the device and for yearly testing.
- f. The Corporation shall not be liable for damage of any kind resulting from water, or the use of water, on the customer's premises, unless such damage results directly from negligence on the part of the Corporation. The Corporation shall not be responsible for any damage done by or resulting from any defect in the piping, fixtures, or appliances on the customer's premises. The Corporation shall not be responsible for negligence of third persons, or forces beyond the control of the Corporation, resulting in any interruption of service.
- g. Under normal conditions, the customer will be notified of any anticipated interruption of service.

Section 6. CONSUMERS RESPONSIBILITY:

- a. Piping on the customer's premises must be so arranged that the connections are conveniently located with respect to the Corporation's lines or mains or the Corporation may require the customer to relocate the piping. If the customer's piping on their premises is so arranged that the Corporation is called upon to provide additional meters, each place of metering will be considered as a separate and individual account.
- b. Where the meter is to be placed on the premises of a customer, a suitable place shall be provided by the customer for placing said meter in a location which is unobstructed and accessible at all times to the Corporation's employees.
- c. The customer shall furnish and maintain a private cut-off valve on their side of the meter.
- d. The customer's piping and apparatus shall be installed and maintained, by the customer at their expense, in a safe and efficient manner, in accordance with the Corporation's rules/ regulations and in full compliance with the sanitary regulations of the Florida Department of Environmental Protection. The customer will be liable for payment of all metered water delivered to this property.
- e. The consumer shall guarantee proper protection for the Corporation's property placed on the consumer's premises. The meter box and all equipment contained herein remain the property of AWS and it shall be the responsibility thereof to replace those defective parts as needed.
- f. In event that any loss or damage occurs to the property of the Corporation or any accident or injury to persons or property is caused by or results from the negligence or wrongful act of the customer, his agents or employees, the cost of the necessary repairs or replacements shall be paid by the customer to the Corporation and any liability otherwise resulting shall be assumed by the customer.
- g. The amount of such loss or damage or the cost of repairs shall be added to the customer's bill, and if not paid, service may be discontinued by the Corporation.

Section 7. EXTENSIONS TO MAINS AND SERVICES:

- a. The Corporation may construct extensions to its water lines to points within its certificated area, but the Corporation shall not be required to make such installations unless the customer purchases a membership certificate and advances to the Corporation the entire cost of the installation.
- b. All line extensions shall be evidenced by a contract signed by the Corporation and the person advancing funds for said extension, but each contract shall be null and void unless approved by the Corporation Board of Directors.
- c. The Corporation shall not be required to refund any part of the advance made by the customer to cover the cost of the extension. Line extensions and the cost of each extension will be at the discretion of the Board of Directors.

Section 8. ACCESS TO PREMISES:

- a. Duly authorized agents of the Corporation shall have access, at all reasonable hours, to the premises of the customer for the purpose of installing or removing Corporation property, inspecting piping, reading or testing meters or for any other purpose in connection with the Corporation's service and facilities.
- b. Each customer shall grant or convey, or shall cause to be granted or conveyed, to the Corporation, a perpetual easement and right of way across any property owned or controlled by the customer, wherever said perpetual easement and right of way is necessary for the Corporation water facilities and lines, so as to be able to furnish service to customer or other contiguous customers. Should a customer refuse to provide the easement and right of way described herein, the Corporation shall refuse to provide service.

Section 9. CHANGE OF OCCUPANCY:

- a. Not less than three days' notice should be given, in person or in writing, at the Corporation's office, to discontinue service or to change occupancy.
- b. The outgoing customer shall be responsible for all water consumed up to the time of departure or the time specified for departure, whichever period is longest.

Section 10. METER READING - BILLING COLLECTIONS

Meters will be read and bills rendered as follows:

- a. The Corporation reserves the right to vary the dates or length of period covered, temporarily or permanently, if necessary or desirable.
- b. Bills for water will be figured in accordance with the corporation's published rate schedule in effect and will be based on the amount of water consumed for the period covered by the meter readings, plus the minimum meter charge.
- c. Readings from different meters will not be combined for billing, irrespective of the fact that said meters may be for the same or different premises, or for the same or different consumers, or for the same or different services.
- d. Bills are due when rendered. Bills become delinquent after fifteen (15) days and a penalty of percent (10%) will be added. Delinquent accounts are subject to disconnect twenty (20) days from the due date. No disconnect notices will be sent to the consumer, as the disconnect warning is printed on the regular monthly bills.
- e. Failure to receive bills or notices shall not prevent such bill from becoming delinquent nor relieve the consumer from payment.
- f. In most situations, charges for new meters commence when the account becomes active.

Section 11. SUSPENSION OF SERVICE:

- a. When services are discontinued and all bills paid, any deposit remaining will be refunded to the member.
- b. Upon discontinuance of service for nonpayment of bills, the deposit will be applied by the Corporation toward settlement of the account. Any balance will be refunded to the consumer. If the deposit is not sufficient to cover the bill, the Corporation may proceed to collect the balance in the usual way provided by law for the collection of debts.
- c. The Corporation reserves the right to discontinue its service without notice for the following additional reasons:
 1. To prevent fraud or abuse.
 2. Customers willful disregard of the Corporation's rules.
 3. Emergency repairs.
 4. Insufficiency of supply due to circumstances beyond the Corporation's control.
 5. Legal processes.
 6. Direction of public authorities.
 7. Strike, riot, fire, flood, accident or any unavoidable cause.
 8. Theft of utility by reversal of meter or making an unmetered connection to the Corporation's distribution lines.
 9. Failure to pay delinquent bills as outlined in these bylaws.
 10. Whenever a cross or illegal connection, whether actual or potential, is found.
- d. The Corporation may, in addition to prosecution by law, permanently refuse service to any consumer who tampers with a meter or other measuring device, taps into the distribution line, or secures water thru any other illegal method. Anyone who damages, or causes to damage, the lock placed on a meter for non-payment, in an effort to re-supply water, will have the meter removed by the Cooperation and be assessed a penalty approved by the Board. The meter will be reinstalled only after payment of the current established reconnection fee, balance on account and penalty.

Section 12. COMPLAINTS ~ ADJUSTMENTS:

- a. If the customer believes the water bill to be in error, they shall present the claim, in person to the Corporation office before the bill becomes delinquent. Such claim, if made after the bill has become delinquent, shall not prevent discontinuance of service, as heretofore provided. The customer may pay such bill under protest and said payment shall not prejudice his claim.
- b. The Corporation will make special meter readings at the request of the customer for a fee approved by the Board. If such special reading discloses that the meter was over-read, no charge will be made.
- c. Meters will be tested at the request of the consumer upon payment to the Corporation for a fee established in the Corporation's rate structure. If the meter is found to over- register beyond the factory certified tolerance of the correct volume, no charge to the consumer will be made.
- d. If the seal of a meter is broken by other than the Corporation's representative, or if the meter fails to register correctly, or is stopped for any cause, the consumer shall pay an amount estimated from the record of his previous bills and/ or from other proper data. If a lock is removed by any other than an AWS representative, there shall be a charge, approved by the Board, applied to the consumers' account.

Section 13. ABRIDGEMENT OR MODIFICATION OF RULES:

- a. No promise, agreement or representation of any employee of the Corporation shall be binding upon the Corporation except as it shall have been agreed upon in writing, signed and accepted by the acknowledged officers of the Corporation.
- b. No Modification of rates or any of the rules and regulations shall be made by any agent of the Corporation

Section 14. ADOPTION OF RULES:

Until further order of the Board of Directors of this Corporation the rules and regulations, as the same are hereinabove set out, are hereby adopted as of the date hereof to become effective on and after: July 21, 2008

Revised by the Board of Directors-Auburn Water System, Inc. July 18, 2011

Date Amended: July 18, 2011

President-Auburn Water System

Secretary-Auburn Water System

