

**BYLAWS OF
MEANSVILLE RILEY ROAD WATER COMPANY, INC.**

DATED: FEBRUARY 11, 2020

**ARTICLE I
GENERAL**

Section 1. Name. Meansville-Riley Road Water Company, Inc. (the “Corporation”) is a South Carolina non-profit organized and existing under Title 33, Chapter 36 of the Code of Laws of South Carolina 1976 (as amended) (the “Enabling Act”). The Corporation exists to associate members within the service area described in the Amended Articles of Incorporation (dated September 11, 1998) (the “Articles”) for their mutual benefit to maintain and operate a safe and dependable water system for its members.

Section 2. Location. The principal offices of the Corporation shall be located in Union County, South Carolina.

Section 3. Seal. The name of the Corporation shall be “Meansville-Riley Road Water Company, Inc.” The Corporation shall have a corporate seal in such form as the Board of Directors (the “Board”) approves by a majority vote.

Section 4. Fiscal Year. The fiscal year of the Corporation shall be the same as the calendar year and shall end at midnight on December 31st each year.

**ARTICLE II
MEMBERSHIP**

Section 1. Eligibility. Any occupant or person, including any body politic and/or corporate body, holding property, in fee or by lease, who (i) has need of and reasonable accessibility to the services operated by the Corporation, (ii) agrees to purchase water or other services from the Corporation, and (iii) agrees to be bound by and to comply with all of the other provisions of the Articles and these Bylaws, and all rules, regulations, rate classifications, and rate schedules established or amended pursuant thereto may be a member of this Corporation (a “Member”). No person otherwise eligible shall be made a Member of the Corporation if the capacity of the Corporation’s system is exhausted by the needs of its existing Members. No person shall hold more than one voting membership in the Corporation regardless of the number of service connections.

Section 2. Membership Fee. The membership application shall be accompanied by the membership fee, as may be set by the Board, together with any service security deposit, service connection deposit or fee, facilities extension deposit, or contribution in aid of construction or executed supplemental contract that may be required by the Corporation. The fees and other payments shall be refunded if the application is denied. Any former Member of the Corporation may, by the sole act of paying a new membership fee and any outstanding account fees plus accrued interest thereon at a reasonable rate as from time to time established by the Board and in effect when such account first became overdue, compounded annually, together with other

payments, if any, renew and reactivate any prior application for membership to the same effect as though the application had been newly made on the date of such payment.

The membership fee amount shall be as fixed from time to time by the Board. The membership fee, together with other payments, if any, shall entitle the Member to one service connection. A service connection fee or deposit in such amount as shall be prescribed by the Board together with other payments, if any, shall be paid by the Member for each additional service connection requested by him.

Section 3. Membership Date. Upon complying with the requirements set forth in Section 1 of this Article, any applicant shall automatically become a Member on the date of his connection for water service. The Corporation may deny an application and refuse to furnish service if it determines that the applicant is not willing or able to satisfy and abide by the Corporation's terms and conditions of membership or that such application should be denied for other good cause. Any applicant so denied shall have the right to be heard on the matter by the Board upon the timely filing of a written request.

Section 4. Membership Service. The Corporation shall use reasonable diligence to furnish its Members with adequate and dependable water service, although it cannot and therefore does not guarantee a continuous and uninterrupted supply thereof. Each Member, for so long as such premises are owned, leased as lessor or lessee, or directly occupied or used by him, shall pay for such service at the times, and in accordance with the rules, regulations, rate classifications, and rate schedules established by the Board. Each Member also shall pay all other amounts owed by him to the Corporation as and when they become due and payable. When the Member has more than one service connection from the Corporation, any payment by him for service from the Corporation shall be deemed to be allocated and credited on a *pro rata* basis to his outstanding accounts for all such connections, notwithstanding that the Corporation's actual accounting procedures do not reflect such allocation and proration.

Section 5. Capital Contributions. All amounts paid for water service in excess of the cost thereof shall be furnished by Members as capital, and each Member shall be credited with the capital so furnished as provided in Article IX herein.

Section 6. Connecting to System. Each Member shall cause all premises receiving water service pursuant to his membership to be connected to the Corporation's water lines in accordance with the specifications of the Corporation, DHEC, and any applicable state code, federal requirement, or local government ordinance. If the foregoing specifications are modified, the more exacting standards shall prevail. Each Member shall make available to the Corporation a suitable site, as determined solely by the Corporation, whereon to place the Corporation's facilities for the furnishing and metering of service and shall permit the Corporation's authorized employees, agents, and independent contractors to have access thereto, safely and without interference from any hostile source, for meter reading, bill collecting and inspection, maintenance, replacement, relocation, repair, or disconnection of such facilities, at all reasonable times.

Section 7. Access. Each Member shall, upon being requested so to do by the Corporation, execute and deliver to the Corporation grants of easement or right-of-way over, across, under and/or on such lands owned, or leased by or to, or mortgaged to, the Member, and in accordance

with such reasonable terms and conditions, as the Corporation shall require for the furnishing of service to him or other Members, or for the construction, operation, maintenance, or relocation of the Corporation's water facilities. Each Member shall participate in any required program that may be established by the Corporation to enhance water management or more efficiently to utilize or to conserve water, or to conduct water capacity research, and shall comply with all related rates and service rules and regulations.

ARTICLE III MEMBERSHIP SUSPENSION AND TERMINATION

Section 1. Suspension. Upon his failure, after the expiration of the initial time limit prescribed either in a specific notice to him or in the Corporation's generally publicized applicable rules and regulations, to pay the amounts due the Corporation or to cease any other non-compliance with his membership obligations, a Member's membership shall automatically be suspended, and he shall be in bad standing. During such suspension, he shall not be entitled to receive service or to cast a vote at any meeting of the Members. Payment of all amounts due the Corporation, including any additional charges required for such reinstatement, and/or cessation of any other noncompliance with his membership obligations within the final time limit provided in such notice or rules and regulations, shall automatically reinstate the membership in good standing, in which event he shall thereafter be entitled to receive or continue receiving service from the Corporation and to vote at meetings of its Members.

Section 2. Expulsion. Upon the failure of a suspended Member to be automatically reinstated to full membership as provided in Section 1, he may, without further notice but only after due hearing before the Board if such is in writing requested by him within 30 days of the final time limit, be expelled by resolution of the Board; failure to timely request a hearing shall result in the automatic expulsion of the Member and the loss of membership status. After the expulsion of a Member, he may not again become a Member except upon new application therefore as provided in Article II, Sections 1 and 4. The Board may establish such additional terms and conditions for renewed membership as it determines to be reasonably necessary to assure the applicant's compliance with his membership obligations.

Section 3. Resignation. A Member, in good standing, must withdraw or resign from membership upon such generally applicable conditions as the Board shall prescribe upon either (a) ceasing to own, lease as lessor or lessee, or directly occupy or use all premises being furnished water service pursuant to his membership, or (b) abandoning totally and permanently the use of purchased water service on such premises unless the Board specifically waives such conditions.

Section 4. Death or Dissolution. The death of a Member who is an individual natural person shall automatically terminate his membership. The cessation of the legal existence of any other type of Member shall automatically terminate such membership. Upon the dissolution for any reason of a partnership, or upon the death, withdrawal, or addition of any individual partner, such membership shall continue to be held by such remaining and/or new partner(s) as continue to own, or to lease as lessor or lessee, or directly to occupy or use the premises being furnished service pursuant to such membership in the same manner and to the same effect as though such membership had never been held by different partners.

Section 5. Rights After Termination. Upon the termination of membership, the former Member or his estate shall be entitled to a refund of any security deposit, if any, paid to the Corporation, less any amounts due to the Corporation. However, termination of membership in any manner shall not release a Member or their estate, or successor in interest, from any debts due the Corporation. No Member shall be entitled to a return of any initial membership fees.

Section 6. Date of Termination. Upon the termination of a person's membership for any reason, the Board, so soon as practicable after such termination is made known to it, shall, by appropriate resolution, formally acknowledge such termination, effective as of the date on which the Corporation ceased furnishing water service to such person. Upon discovery that the Corporation has been furnishing water service to any person other than a Member, it shall cease furnishing such service unless such person applies for, and the Corporation approves, membership retroactively to the date on which such person first began receiving such service, in which event the Corporation, to the extent practicable, shall correct its membership and all related records accordingly.

ARTICLE IV MEMBERSHIP MEETINGS

Section 1. Quorum. At least ten (10) Members, inclusive of those Members serving as directors on the Board, present and voting at a meeting shall constitute a quorum.

Section 2. Annual Meeting. The Annual Meeting of the Members of the Corporation shall be held at the principal office of the Corporation on the 2nd Tuesday of February of each year, if not a legal holiday, or if a legal holiday, on the next business day following. The notice of each Annual Meeting shall be mailed or electronically communicated, as applicable, to each Member at the last known address at least ten (10) days before said Annual Meeting; provided no notice shall be required to a Member who waived notice of such meeting in writing. Notice of the Annual Meeting may be properly included in the regular water bill provided to each Member. During such Annual Meeting, the voting Members shall elect three (3) Directors (as such term is defined in Article V below) and transact any other business as may be properly brought for consideration. In addition, the President, Secretary, and Treasurer (or Secretary-Treasurer) shall each make a detailed report of the business affairs of the Corporation covering the preceding year.

Section 3. Special Meetings. Special Meetings of the Members may be called at any time by the Board upon five (5) days written notice to each Member. Members may waive such notice.

ARTICLE V QUALIFICATIONS AND ELECTION OF DIRECTORS AND OFFICERS

Section 1. Number and Qualifications. The Board of Directors of this Corporation shall consist of nine (9) directors (the "Directors" and each, acting in an individual capacity, a "Director"). No person shall be eligible to become or remain a Director or officer who:

- A. is not at least eighteen (18) years old; or
- B. while serving, or during the five (5) years preceding his nomination thereto, shall

have been finally adjudged to be guilty of a felony; or

- C. is, and if elected will continue to be a spouse, parent, sibling, child, grandchild, or grandparent of an incumbent Director ; or
- D. has not continuously been, for at least one (1) year prior to his nomination, or who ceases after his election to be, a Member in good standing, receiving service from the Corporation at his primary residence; or
- E. who is financially interested in a substantially competing enterprise of the Corporation or a business selling water or water system supplies or equipment to the Corporation.

No person shall be eligible to become or remain a Director who is in any way employed by or financially interested in the Corporation, but such disqualification shall not apply to a non-Director Secretary or Treasurer.

Section 2. Term; Director Election; and Vacancy.

- A. The term of office for each Director shall be three (3) years.
- B. The Board shall be constituted such that one-third of the Board (3 Directors) shall be duly elected at each Annual Meeting; thus, the voting Members shall elect three (3) Directors at the Annual Meeting who shall serve until their qualified successors are elected, qualified and sworn-in.
- C. If a Director's term is terminated for any reason other than normal expiration, the remaining Directors shall appoint by majority vote a qualified person to fill such vacancy for the unexpired portion of the term of the vacating Director.

Section 3. Officers. The Board shall have the following elected "Officers": President, Vice President, Secretary, and Treasurer. The Board may elect by majority vote to have a combined Secretary-Treasurer. Immediately after the Annual Meeting, the Board shall elect by majority vote a President and Vice President from among themselves and a Secretary and Treasurer (or Secretary-Treasurer) who need not be a Director. A Secretary, Treasurer, or Secretary-Treasurer who are not Directors shall not be permitted to vote on any matter the Board puts to a vote. Each Officer shall hold office until the next Board election at the Annual Meeting unless sooner terminated by death, resignation, or for cause. If an Officer's term is terminated for any reason other than normal expiration, the Directors shall appoint by majority vote a qualified person to fill such vacancy for the unexpired portion of the term of the vacating Officer.

Section 4. Protection of Directors. The Corporation shall indemnify and hold harmless its past and present Directors and officers, including the General Manager and may but shall not be obligated to so indemnify and hold harmless one or more of its past and present agents and other employees against liability and related costs, including reasonable attorneys' fees, because of any act or omission in connection with their relationship to the Corporation in such capacities, to the maximum extent allowable by law, including, and supplementary and subject to, but not limited to, S.C. Code Ann. Section 33-36-630 (as amended); and may purchase insurance to cover such

indemnification.

Section 5. Removal of Directors.

A. Any Director who violates the eligibility requirements in Section 1(A-E) above automatically considered for removal from the Board. Further, any Member may petition the Board for the removal of a Director by filing with the Secretary a petition signed by at least ten per centum (10%) of the Members requesting the removal of such Trustee and the grounds therefor.

B. Upon an eligibility violation or a proper petition being filed, the Director in question shall be informed in writing of his potential removal at least ten days prior to the Corporation's next meeting at which the Board shall consider removal. The Director in question shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence to refute the ineligibility determination or the petition. The question of the removal of such Director shall be considered and voted upon at the other Directors of the Board. Upon a positive vote of such Directors, the petitioned Director shall be removed from the Board and a qualified successor shall be appointed under Section 1 hereof.

ARTICLE VI DUTIES OF DIRECTORS

Section 1. Quorum. At least 51% of the Directors constitutes a quorum. If fewer than such number are present at a meeting, the majority of the Directors present may adjourn the meeting without further notice.

Section 2. Meetings. In addition to the Annual Meeting, the Board and its Officers shall meet at least eight (8) times per year.

Section 3. Powers. The Board, subject to restrictions of law, the Articles, or these Bylaws shall exercise all of the power of the Corporation; and, without prejudice to or limitation upon their general power, it is hereby expressly provided that the Board shall have and are hereby given full power and authority upon approval of the Directors by a majority vote at any regular or special meeting:

A. To pass upon the qualifications of Members and to cause appropriate certificates of membership to be issued.

B. To select and appoint all Officers and to employ a General Manager for the Corporation who shall be responsible for: (i) the hiring of all agents, consultants, advisors for the Corporation; (ii) the hiring, employment and removal of all employees; (iii) and fixing compensation for employees, (iv) paying for services (consistent with the Corporation's procurement code, if any), and (v) prescribing and defining the duties of all employees; and (vi) doing all things necessary and appropriate to operate and maintain the Corporation's water system.

C. To borrow from any source, money, goods, or services and to make and issue notes and other negotiable and transferable instruments and to do every act necessary to

effectuate the same.

D. To prescribe, adopt, and amend, from time to time, such equitable uniform rules and regulations as, in their discretion, may be deemed essential or convenient for the conduct of the business and affairs of the Corporation and the guidance and control of its Officers and employees; and to prescribe adequate penalties for breach thereof.

E. To order an annual audit of the books and accounts by a competent certified professional accountant. The report prepared by such person shall be presented to the Members at the Annual Meeting or any Special Meeting.

F. To fix charges to be paid, the time of payment, and the manner of collection from each Member for services rendered to him.

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 bonds, 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 banks 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 so designated unless such deposits are protected by an agency of the United States of America, such as the Federal Deposit Insurance Corporation or similar agency. Further, to the extent any accounts, deposits or funds of the Corporation are in excess of the insurance limits provided by an agency of the United States, such accounts, deposits or funds shall be fully collateralized by the holding institution to ensure the safety of such funds.

I. To levy assessments against the membership of the Corporation and to enforce the collection of such assessments in the manner provided for enforcement of collection, as set forth in policies or regulations promulgated by the Board, provided the Board gives the Member at least thirty (30) days written notice at the last address of the Member on the books of the Corporation of its intention to forfeit the certificate if the assessment is not paid by a specified date.

J. To promulgate rules, regulations and policies as necessary for the proper and efficient operation of the Corporation.

ARTICLE VII DUTIES OF OFFICERS

Section 1. Duties of President. The President shall preside at all meetings of the Corporation and of the Board; shall call special meetings of the Board; shall perform such other duties as may be prescribed in these bylaws or assigned to him by the Board; and shall sign all membership certificates and such other papers as he may be authorized or directed to sign by the Board.

Section 2. Duties of Vice President. The Vice President shall act as aide to the President, and in the absence of the President shall preside at all meetings of the Board and have all of the powers and duties of the President.

Section 3. Duties of Secretary. The Secretary shall record the minutes of all meetings of the Corporation and of the Board. He shall attest to the signatures, as needed, of authorized signatories as he may be authorized or directed to do by the Board. He shall serve all notices required by law and by these Bylaws and shall make a full report of all matters pertaining to his office to the Members at the Annual Meeting. He shall keep the corporate seal and membership certificate, records of the Corporation, complete and countersign all certificates issued and affix said seal to all papers requiring same. He shall keep a record of all Members, showing the name, date of issuance of membership, surrender, cancellation, or forfeiture. He shall perform such duties as may be delegated to him, including the turnover to his successor all books and other property belonging to the Corporation that he may have in his possession.

Section 4. Duties of Treasurer. The Treasurer shall receive all monies of the Corporation, shall keep an accurate record of receipts and expenditures, and shall pay out funds as authorized by the Corporation. The Treasurer shall present a financial statement every meeting of the Board and at other times when requested by the Board and shall make a full report at the Annual Meeting. The Treasurer shall furnish the Corporation a fidelity bond in an amount equal to the largest sum of funds in his possession at any one time.

Section 5. In the discretion of the Board, the Secretary and Treasurer may be consolidated into a single position and be known as Secretary-Treasurer.

Section 6. All Officers shall perform parliamentary duties prescribed in the most current version of Robert's Rules of Order in addition to those outlined in these Bylaws and those assigned from time to time. The Officers shall deliver to their successors all official material, records and property within ten (10) days following the meeting at which they are elected and qualified.

ARTICLE VIII BENEFITS AND DUTIES OF MEMBERS

Section 1. Lines. The Corporation will install, maintain, and operate service lines from its main line or lines to the property line of each Member of the Corporation, when the Member's property line abuts a public right-of-way or when the Corporation has an easement through lands of another separating the Member from public access, in accordance with design policies of the Corporation. Should the Member's property not be accessible by public road or existing easement for water services, the Member will be responsible for obtaining for the company an easement from the owner of the intervening property.

Section 2. User Agreement. The Board shall be authorized to require each Member to enter into a water user agreement, which shall embody the principles for service. Any water user agreement shall be read and interpreted in conformity with these Bylaws and the receipt of water service by any Member shall be deemed express consent to the terms of these Bylaws regardless of whether such consent or approval is recited in the water user agreement.

Section 3. Service Cancellation. Membership may be cancelled and/or service discontinued by the Corporation for any violation of any rule, regulation, or condition of service, including but not limited to any of the following reasons:

A. Misrepresentation in application as to the property or fixtures to be supplied or use to be made of the service.

B. Misuse due to improper or imperfect service pipe and/or fixtures or failure to keep the same in a suitable state of repair.

C. Tampering with mains or lines or valves or permitting such tampering by others.

D. Connection, cross-connections, or permitting the same, or any separate lines to the premises, which receive service from the Corporation.

E. Violations of the terms of these Bylaws, the water user agreement or any policy or regulation promulgated by the Corporation.

ARTICLE IX

MAINTENANCE OF ACCOUNTS; PATRONAGE CAPITAL OF MEMBERS

Section 1. Accounts. The financial accounts of the Corporation shall be established and maintained in a manner consistent with the Corporation's operation on a non-profit, cooperative basis for the mutual benefit of its Members. To that end, the Corporation shall maintain a revenue fund consisting of at least the following four categories of accounts: a Debt Service Account, an Operation and Maintenance Account, a Reserve Account, and a Patronage Capital Account. The Corporation shall establish such additional accounts, if any, in its sole discretion or as may be required by USDA/Rural Development or any other lender.

Section 2. Interest or Dividends on Capital Prohibited. Consistent with the Corporation's operation as a non-profit cooperative, no interest or dividends shall be paid or payable by the Corporation on any capital furnished by its Members.

Section 3. Patronage Capital in Connection with Furnishing Water Service.

A. *Members' Patronage Capital.* The Corporation's operations in furnishing water service shall be conducted so that capital for the Corporation shall be provided from the patronage of its Members. In order to induce such patronage and to ensure that the Corporation will operate on a nonprofit, cooperative basis, the Corporation shall account to its Members for all amounts received and receivable from the furnishing of water service in excess of operating costs and expenses properly chargeable against the furnishing of service, with the amount of such excess credited to the Members on a *pro rata* basis as the patronage capital of the Members; and each Member acknowledges that all such amounts in excess of operating costs and expenses are received by the Corporation with the understanding that they are furnished by the Members as capital. Such excess amounts shall be credited to the Patronage Capital Account of the Corporation's Revenue Fund.

B. *Annual Accounting.* The books and records of the Corporation shall be established and maintained in such a manner that, at the end of each fiscal year, the amount of patronage capital, if any, furnished by or otherwise credited to each Member is clearly reflected and credited in an appropriate record to the capital account of each Member; and, the Corporation shall, within a reasonable time after the close of the fiscal year, notify each Member of the amount of capital so credited to such Member's account; PROVIDED, that individual notices of such amounts credited to each Member shall not be required if the Corporation notifies all Members of the aggregate amount of such excess and provides a clear explanation of how each Member may compute and determine the specific amount of capital so credited to such Member. All such amounts credited to the capital account of a Member shall have the same status as if they had been first paid to the Member in cash pursuant to a legal obligation and the Member had then furnished the Corporation a corresponding amount for capital. Membership fees payable by a Member shall not be included with and shall not be credited as patronage capital.

C. *Treatment of Other Revenues.* All other amounts received by the Corporation from its operations in excess of costs and expenses, to the extent permitted by law, shall be (a) used to offset any losses incurred during the current or any prior fiscal year and (b) used for future construction, projects designated by the Board if the projects are scheduled for completion within 24 months, and, to the extent not needed for purposes of (a) and (b), shall be allocated to its Members on a *pro rata* basis as additional patronage capital.

D. *Dissolution and Liquidation.* In the event of the dissolution or liquidation of the Corporation, after all outstanding indebtedness of the Corporation has been paid, the outstanding capital of the Members shall be distributed without priority on a *pro rata* basis; PROVIDED, insofar as gains may at that time be realized from the sale of an appreciated asset, that such gains shall be returned to the existing Members without priority on a *pro rata* basis

E. *Assignment.* Capital credited to the accounts of each Member shall be assignable only on the books of the Corporation pursuant to written instructions from the assignor and only to successors in interest or successors in occupancy in all or a part of such Member's premises served by the Corporation, unless the Board, acting under policies of general application, should determine otherwise.

F. *Optional Distributions before Dissolution or Liquidation.* If, at any time prior to dissolution or liquidation, the Board should determine that the financial condition of the Corporation will not be impaired thereby, the capital then credited to the Members' accounts may be distributed in full or in part. Notwithstanding any other provisions of these Bylaws, the Board shall determine the method of allocation, basis, priority, and order of distribution for all amounts furnished as patronage capital; PROVIDED, however, that for so long as the Corporation is indebted to USDA/Rural Development or any other lender, the Board may not distribute, in full or in part, capital credited to Member's accounts without the approval of USDA/Rural Development acting through an authorized representative. Before distributing any capital credited to any Member's account, the Corporation shall deduct therefrom any amount owed by such Member to the Corporation, together, in the cases of overdue amounts owed by the Member, with interest thereon at the rate (as from time to time reasonably established by the Board) in effect when such amount became overdue, compounded annually.

G. *Distributions upon Death.* Notwithstanding any other provisions of these Bylaws, the Board shall, at its discretion, have the power at any time upon the death of any Member who was a natural person (or upon the death of an assignee of the capital credits of a Member, which assignee was a natural person), if the legal representative of the deceased Member's estate requests in writing that the capital so credited or assigned be distributed prior to the time such capital would otherwise be distributed under the provisions of the Bylaws, to distribute such capital immediately upon such terms and conditions as the Board, acting under policies of general application, and such legal representatives shall agree upon. The distribution of a deceased Member's patronage account may not be paid if the financial condition of the Corporation would be impaired thereby, and, for so long as the corporation is indebted to any party, the consent of such lender, acting through an authorized representative, shall be required. Before distributing any capital credited to any Member's account, the Corporation shall deduct therefrom any amount owed by such Member to the Corporation, together, in the cases of overdue amounts, with interest thereon at the rate (as from time to time reasonably established by the Board) in effect when such amount first became overdue, compounded annually.

H. *Provisions a Contract.* By dealing with the Corporation, the Members of the Corporation acknowledge that the terms and provisions of the Articles of the Corporation and of these Bylaws shall constitute and be a contract between the Corporation and each Member; and both the Corporation and the Members shall be bound by such contract, as fully as though each Member had individually signed a separate instrument containing such terms and provisions.

Section 4. Accounting for the Furnishing of Other Services. In the event the Corporation should engage in the business of furnishing goods or services other than water service, the Board shall elect at the time of approving the service to treat the activity either (a) as involving an assignment of patronage capital or (b) as an "unrelated trade or business" under Section 513 of the Internal Revenue Code. If treated as involving an assignment of patronage capital, then all amounts received and receivable therefor which are in excess of costs and expenses properly chargeable thereto shall, to the extent permitted by law, be pro-rated annually and credited to those Members from whom such amounts were obtained, to be distributed to those Members at such time, in such manner, and in such order of priority as the Board shall determine.

Section 5. Unclaimed Funds. If (a) a distribution of capital has been declared by the Corporation, (b) a Member or other person entitled to receive such distribution (an "Owner" of the distribution) has not claimed the distribution within 5 years following the date the distribution was declared, and (c) the Corporation has made reasonable efforts to locate the Owner or the Owner's legal representative, including written and telephonic attempts to communicate with the Owner or with the Owner's legal representative based on contact information for such Owner in the Corporation's records, then, it is agreed by each Member that:

A. A list of names and last known addresses of such Owners of unclaimed amounts shall be posted in the offices of the Corporation and on the Corporation's website, as applicable, for 30 days following the close of the Corporation's books each year; and

B. If an Owner or the Owner's legal representative has not claimed the amount in question by the end of such 30-day period, such amount shall thereafter be deemed to be donated capital (in which the Owner shall have no further right or interest) and shall be credited

to the general fund of the Corporation for the current year and used for such operational expenses or system projects as may be designated by the Board.

ARTICLE X DISSOLUTION

A. In the event of dissolution or liquidation of the Corporation, such dissolution or liquidation shall be implemented in accordance with Enabling Act or any other applicable laws of the State of South Carolina (the "State"). For so long as the Corporation is indebted to otherwise obligated to USDA/Rural Development, the sale of real and personal property of the Corporation shall be implemented under the regulations applicable to borrowings from USDA/Rural Development. After all outstanding indebtedness of the Corporation has been paid, including the costs for dissolution or liquidation, the Corporation will compute the ratio of the waterlines of the Corporation constructed with grant funds and the ratio of the waterlines of the Corporation constructed by Member revenues, including, but not limited to, water sales, charges, fees, and loans. Proceeds from the sale of the waterlines will be divided in accordance with the ratio and the funds distributed as follows:

(1) *Outstanding Capital Credits*: Outstanding Capital Credit will be retired without priority on a pro-rata basis before any payments are made on account of property rights of Members.

(2) *Member Revenue Proceeds*: The proceeds derived from that sale of waterlines constructed with Member proceeds, including, but not limited to, water sales, charges, fees, and loans will be retired without priority on a pro-rata basis.

B. Notwithstanding the foregoing and to the extent not otherwise prohibited by federal law or the laws of the State, upon the sale of the Corporation to a local governmental body of the State or the transition of the Corporation into a local governmental body of the State, all assets and liabilities of the Corporation shall be deemed transferred in full to the acquiring public body and no distribution of assets shall be required.

ARTICLE XI AMENDMENTS

Section 1. Amendments to Bylaws. These Bylaws may be altered, amended, or repealed, and new Bylaws may be adopted by the majority vote of the Members present at the Annual Meeting or any special meeting called in conformance with Article IV, if the Members have been given at least ten (10) days written notice of the meeting and the notice contains a copy of the proposed amendment(s) or alternatively advises the Member that a copy of the proposed amendment(s) is on file for public inspection at the principal office of the Corporation.

Directors also may amend the Bylaws, by a two-thirds (2/3) vote, at any regular or special Board meeting when necessary to conform with state or federal laws governing the operation of the corporation or the services provided by the corporation.

Section 2. Amendments to Articles. The Articles for the Corporation may be altered, amended,

or repealed and new Articles may be adopted by a two-thirds (2/3) vote of the Members present at the Annual Meeting or any special meeting of the Corporation, if the Members have been given at least ten (10) days written notice of the meeting, the notice contains a copy of the proposed amendment(s) or alternatively advises the Member that a copy of the proposed amendment(s) is on file for public inspection at the principal office of the Corporation. Upon approval, the amendment shall be filed with the Office of the South Carolina Secretary of State and all filing fees shall be paid. If the Articles are to be amended so as to dissolve the Corporation or terminate its charter, the Corporation shall comply with the provisions of the Enabling Act or any other applicable provisions of State law.

Section 3. Debts to Farmer's Home or Rural Development/USDA. For so long as the Corporation is indebted for a loan or loans made to them from the United States of America through the Farmers' Home Administration or Rural Development/USDA, the Bylaws or Articles shall not be altered, amended, or repealed without the prior consent of the State Director of the Farmers' Home Administration or Rural Development/USDA for the State of South Carolina. To the extent any such amendment is approved prior to the procurement of necessary approval by Farmers' Home Administration or Rural Development/USDA, the application of such amendments shall be held in abeyance until such approval can be procured.