

BY-LAWS

of

ILLINOIS ALLUVIAL REGIONAL WATER COMPANY

ARTICLE I

General Powers

The Corporation shall have and may exercise the powers set forth in its Articles of Incorporation together with any such other powers as are authorized by the statutes of the State of Illinois, including but not limited to the General Not for Profit Corporation Act of 1986, 805 ILCS 105/101.01 *et. seq.* as it now exists or may be hereafter amended.

ARTICLE II

Name and Location

Section 1. The name of the Corporation is:

ILLINOIS ALLUVIAL REGIONAL WATER COMPANY

Section 2. The principal office of this Corporation shall be:

1009 State Highway 16
Jerseyville, IL 62052

ARTICLE III

Seal

Section 1. The Corporation shall have a seal on which shall be inscribed thereon the name of the Corporation.

Section 2. The Secretary of the Corporation shall have custody of the seal.

ARTICLE IV

Fiscal Year

The fiscal year of the Corporation shall begin the first day of October of each year.

Purpose

The primary purpose of the Corporation is to provide potable water to its members on a co-operative basis.

ARTICLE V

Membership

Section 1. Subject to acceptance and approval of at least two-thirds (2/3rds) majority of the Board of Directors, and the execution of a Water Supply Agreement, membership in the Corporation may be available to any Not-For-Profit Water Company, Village, Town, City, Water District, or other Municipality that distributes potable water to its residents, members and/or customers in the area served by the Corporation. The primary area to be served by the Corporation includes, but is not limited to the Illinois Counties of: Jersey, Macoupin, Green and Madison.

The following rules apply to members of the Corporation. A member may produce water for its own usage and for distribution to its residents, members and/or customers, who are end users. A member may also resell water it purchases from the Corporation to another distributor with the approval of the Board of Directors of the Corporation. However, a member may not treat, produce and supply potable water to other distributors, without the approval of a least two-thirds (2/3rds) of the Board of Directors of the Corporation. Such consent is not necessary for those agreements or relationships which predated the operation of the Corporation's water treatment plant, or the first delivery of water to said member, whichever is later.

Section 2. In no event shall a For-Profit Water Company or Corporation become a member of the Corporation. However, the Corporation may elect to sell water to a For-Profit Corporation or Company, on a bulk basis, if excess capacity exists and the Board of Directors approves it. The bulk rate charged to such a For-Profit Customer may exceed the rate charged to members or to Not-For-Profit Customers, which are not members of the corporation. Said rate shall be determined by the Board of Directors on a case by case basis.

Section 3. A Member may resign its membership at any time by written notice to the Corporation; provided however, that no such resignation shall affect any accrued liabilities of the resigning member to the Corporation, nor shall it affect any continuing contractual obligations of each party to the other, except that the rate charged by the Corporation to the resigned member shall thereafter be the same rate which it charges to non-member customers.

Section 4. Each member may have only one (1) membership.

Section 5. Membership shall not be transferable, provided however that the Water Supply Agreement between a member and the Corporation may be assigned in accordance with the terms thereof.

Section 6. Membership in the Corporation shall terminate by operation of law, without further notice or hearing, in the event the member ceases to exist, dissolves or merges with another entity which is not a member. Membership shall also terminate automatically, without further notice

or hearing if a member files for bankruptcy, is placed in receivership, permanently ceases to be a distributor of potable water to retail customers, or resigns.

Membership may also be terminated for cause, with notice, in accordance with Section 9 of this Article.

Water Supply Agreements between the Corporation and its members are assignable, but membership is not. In the event a member dissolves, its assets are sold, it is taken over by, and/or merges with another entity which is not a member, said entity assumes the rights and duties of the Water Supply Agreement, but does not become a member of the Corporation and is not entitled to representation on the Board of Directors. Rather, the assignee or transferee of the Water Supply Agreement would be a non-member customer of the Corporation which may, but is not required to apply for membership in the Corporation. In order to be admitted as a member, the applicant must meet the qualifications and receive the approval of a majority of at least two thirds (2/3rds) of the Board of Directors in accordance with Section 1 of Article V.

Section 7. In the discretion of the Board of Directors, a person or entity need not be a member of the Corporation to become a customer of the Corporation's water system. However, such customers will not have the right to representation on the Board of Directors, will not be entitled to vote on any matter which comes before the Board and may be charged a water rate which exceeds the rate charged to members. Said rate shall be determined by the Board of Directors.

Section 8. Members shall have the right to participate in the affairs of the Corporation, as herein provided and a preferential right to the use and enjoyment of the water and the water system, upon payment of the charges, fees and assessments fixed and determined by the Board of Directors as necessary to the operation, care and maintenance of the water system.

Section 9. Membership may be terminated by majority vote of at least two-thirds (2/3rds) the Board of Directors for cause, including but not necessarily limited to: 1) The failure to promptly pay obligations to the Corporation; 2) The entry into a contract to purchase water from another supplier, other than an approved Emergency Interconnection Agreement or the continuation of a purchase agreement or arrangement that predated the entry into the initial Water Supply Agreement with the Corporation; or 3) For any other action deemed detrimental to the best interest of the Corporation; provided however, that a statement of the cause for termination shall be delivered by certified mail, return receipt requested, by hand or other forms of delivery, to the last recorded address of the member, at least 28 days before final action is taken. The statement shall be accompanied by a notice of the time and place of the meeting of the Board of Directors at which the termination of the member's membership shall be considered, and the member shall have the opportunity to appear, through its duly appointed representative, and to be heard on the matter, before final action is taken.

No such termination shall affect any accrued liabilities of the terminated member to the Corporation, nor shall it affect any continuing contractual obligations of each party to each other, except that the rate charged by the Corporation to the terminated member shall thereafter be the same rate which it charges to non-member customers.

Section 10. Any claim or dispute arising from or related to these By-Laws shall be settled by mediation, in accordance with the Illinois Uniform Mediation Act, 710 ILCS 35/1 *et. seq.* or by legally binding arbitration in accordance with the rules of the American Arbitration Association. Judgment may be entered upon a mediation agreement or an arbitration decision by any court otherwise having jurisdiction over the parties. These methods shall be the sole and exclusive remedy for any controversy or claim arising out of these By-Laws. The parties hereby waive all rights to a jury trial or to institute litigation with a court of competent jurisdiction to resolve any disputes concerning membership, membership rights, the termination of membership or the construction of these By-Laws.

ARTICLE VI

Meeting of the Members

Section 1. The annual meeting of the members of this Corporation shall be held at ILLINOIS ALLUVIAL REGIONAL WATER COMPANY, 1009 State Highway 16, Jerseyville, Illinois, at 5:00 o'clock P.M., on the 30th day in November of each year, provided that if said day be a legal holiday, then on the next secular day. The place, day, and time of the annual meeting may be changed to any other convenient place, day, and time 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 President or by the Board of Directors and such meetings must be called whenever a petition requesting such meeting is signed, by at least two (2) members, and presented to the Secretary or to the Board of Directors. The purpose of every special meeting shall be stated in the notice thereof, and no business shall be transacted thereat, except such as is specified in the notice.

Section 3. Notice of meetings of members of the Corporation shall be given not less than ten (10) nor more than forty (40) days prior to the meeting. Unless otherwise agreed, notice of a special meeting shall be mailed, postage prepaid, to each member of record at the address shown upon the books of the company and shall state the date, time, place, and purpose of the meeting. Alternatively, notice of a special meeting may be provided by E-Mail and or telephone to each member which consents in writing and provides the Secretary with an E-mail address and or phone number, at which such notice may be given.

Section 4 A majority of members present by their Authorized Representatives, shall constitute a quorum at any meeting, provided that failing a quorum the members present may adjourn the meeting to a time and place certain, without further notice of the meeting.

Section 5. From the enactment of these By-Laws, each member present at an annual or special meeting shall have one (1) vote on all questions coming before the Membership. No election of Directors shall be required, as each member may adopt its own rules for appointing a Regular and or Alternate Representative to the Illinois Alluvial Regional Water Company Board of Directors. An Alternate Representative may only vote in the event the member's regular Representative is unable to attend.

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

1. Call to order and proof of quorum.
2. Proof of notice of meeting.
3. Reading and action on any unapproved minutes.
4. Members' Concerns.
5. Auditor's Report.
6. Old Business.
7. New Business.
8. Adjournment.

ARTICLE VII

Directors and Officers

Section 1. It is the intent of the Corporation that each member be represented on the Board of Directors, until such time as the number of members increases to the point that it is in the Board's opinion, impractical to continue to do so. Until such event, the meetings of the Board of Directors are in essence meetings of the members and thus, any business which requires membership approval may be conducted at a regular or special meeting of the Board of Directors.

Section 2. The Corporation shall be managed by a Board of Directors consisting of three (3) or more persons, including one (1) Director appointed by each member. Each Director shall serve a three (3) year term. The Directors' terms shall be staggered, with at least one (1) Directors' terms ending each year. Each member shall appoint a Director to be its Regular Representative on the Board of Directors, but may also appoint an Alternate Representative to serve on the Board of Directors in the Regular Representative's absence. Each Director and Alternate Representative shall at all times, be an officer, director, trustee, special appointee, or employee of a member, in order to be eligible to serve as a Director of the Corporation. A member may not appoint a representative to the Corporation's Board who is an employee of a water company that is not a member, which also produces water and or is in competition with the Corporation. There shall be no limit as to the number of times a person may serve as a Director or Alternate Representative. The Secretary of the Corporation shall keep a schedule of the Director's and Alternate Representative's identities, addresses and terms. Each member shall promptly provide the Secretary with a certified copy of the minutes of the meeting where official action was taken by the member to appoint its representative to the Corporation's Board.

Section 3. Upon the resignation, removal, retirement, death or disability of a Director, the member shall be entitled to select a Successor Director immediately to serve for the remainder of the unexpired term. The Successor Director shall be an officer, director, trustee, special appointee, or employee of the member. The Alternate Representative may serve on the Board of Directors until such time as a Successor Director is chosen. The Alternate Representative may be appointed as the Successor Director, in which event the member may appoint a successor, Alternate Representative.

ARTICLE VIII

Meetings of Directors

Section 1. The Board shall meet at least annually, at such times and places as may be determined by resolution of the Board, but if there is no resolution to the contrary, the annual meeting of the Board shall be at the Corporation's principal place of business, immediately following the annual meeting of the members. The Board will normally meet monthly on the last Wednesday of each month at the Corporation's principal place of business, unless the Secretary notifies the Directors otherwise; No notice of the regularly scheduled meeting is required to be given.

Section 2. At said annual meeting of its Board of Directors, it shall elect a President and Vice President from the Directors and also elect a Secretary and Treasurer who may or may not be a Director, each of whom shall hold office until the next annual meeting of Directors, at which time the election and qualifications of the officer's successor have been verified, unless sooner removed by death, resignation, or for cause. An Alternate Representative may not serve as President or Vice President of the Board, but may serve as Secretary or Treasurer and may be appointed to serve on Committees formed by the Board.

Section 3. A majority of the Board of Directors present by the member's Regular or Alternate Representatives shall constitute a quorum at any annual, regular or special meeting of the Board. The affirmation vote of a majority of the Directors, at any meeting at which a quorum is present, shall be the act of the Board. An Alternate Representative shall be considered a Director for purposes of the By-laws, at all meetings where the Alternate Representative is counted towards the quorum and is entitled to vote. An Alternate Representative may not be counted towards a quorum or entitled to vote, if the Regular representative of that particular member is also present at a meeting.

Section 4. Compensation of officers may be fixed at any regular or special meeting of the Board. Directors shall receive no compensation for their services as such, but may receive a fixed sum for attending meetings and may be reimbursed for expenses.

Section 5. The Board may establish such Committees as it deems necessary or expedient, provided however that no committee shall have more than two individuals who are representatives of the same member. An Alternate Representative may serve on a committee if the Board specifically authorizes same.

Section 6. Special meetings of the Directors may be called at any time by the President, or by the Board of Directors and such meetings must be called whenever a petition requesting such

meeting is signed by at least two (2) Directors and presented to the Secretary or to the President of the Board of Directors. The purpose of every special meeting shall be stated in the notice thereof, and no business shall be transacted thereat, except such as is specified in the notice.

Section 7. No notice of regular meetings of Directors of the Corporation shall be given unless, the meeting is held at a time other than the regularly scheduled time, in which event notice shall be given, not less than seven (7) days prior to the meeting. Notice of special meetings of Directors of the Corporation shall be given not less than forty-eight (48) hours prior to the meeting. Notice of a special meeting, or rescheduled regular meeting may be mailed, postage prepaid, to each Director of record at the address shown upon the books of the company and shall state the date, time, place, and purpose of the meeting. In lieu of the foregoing, notice of a special meeting may be provided by E-Mail, and or by telephone to each director who consents in writing and provides the Secretary with an E-mail address and or phone number at which such notice may be given. Notice may, but need not be given to any Alternate Representative.

Section 8. Failing a quorum, the Directors present may adjourn the meeting to a time and place certain, without further formal notice of the meeting.

Section 9. Each Director present at an annual, regular or special meeting shall have one (1) vote on all questions coming before the Board of Directors. An Alternate Representative is welcome to attend all meetings, but is only entitled to vote in the event the member's Regular Representative is unable to attend.

Section 10. The order of business at the regular meetings of Directors shall generally be as follows:

1. Call to order and proof of quorum.
2. Proof of notice of meeting.
3. Reading and action on any unapproved minutes.
4. Action on bills and payrolls.
5. Reports of officers and committees.
6. Reports of Engineers, Attorneys, Auditors or Professionals.
7. Old business.
8. New business.
9. Adjournment.

ARTICLE IX

Duties of Directors

Section 1. The Board of Directors, subject to restrictions of law, the Articles of Incorporation, and these By-Laws, shall exercise all of the powers of the Corporation, and, without prejudice to, or limitation upon their general powers, have full power and authority in respect to the matters hereinafter set forth, to be exercised by resolution or motion duly adopted by the Board:

- A.
 - 1. To enter into such contracts as are reasonably necessary or convenient to obtain raw water for treatment and distribution;
 - 2. To enter into contracts with its members or other parties, to supply potable water on such terms as the Board deems reasonable and appropriate;
 - 3. To construct, maintain and operate such facilities and systems as are necessary to supply potable water to its members or customers at a delivery point specified in the water supply contract; and
 - 4. To enter into any contracts which are authorized by law and reasonably related to the Corporation's purpose.
- B. To approve membership applications and cause to be issued appropriate certificates of membership. The Board may make binding commitments to issue membership certificates and to permit connection to the system in the future, in cases involving proposed construction, or may issue such certificates prior to the commencement of the proposed construction.
- C. To select and appoint all officers, agents or employees of the Corporation, remove such agents or employees of the Corporation, fix their compensation, pay for such services and prescribe such duties and designate such powers as may not be inconsistent with these By-Laws.
- D. To borrow from any source, money, goods or services; 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.
- E. 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 and the guidelines and control of its officers, employees and agents, and to prescribe adequate penalties for the breach thereof.

- F. To order, at least once each fiscal year, an audit of the books and accounts of the Corporation by a certified public accountant. The audit report shall be submitted to the members of the Corporation at their annual meeting. A proposed annual budget shall be submitted to the Board of Directors at the first regular meeting, immediately preceding the end of the Corporation's fiscal year.
- G. To fix and alter the charges to be paid for water, including connection fees and the method of billing, time of payment, manner of connection, and penalties for late or nonpayment. The Board may establish one or more classes of users, including but not limited to "Members", "Not-For-Profit Customers" and "For-Profit Customers". All charges shall be uniform and nondiscriminatory in amount, within each of the first two classes of users. However, rates may be different between those two classes and need not be the same for all "For-Profit Customers".

"Members" may be charged a different water rate than either "Not-For-Profit Customers" or "For-Profit Customers". "Not-For-Profit Customers", such as Not-For-Profit Corporations, Municipal Corporations and Water Districts, may be charged a different rate than "For-Profit Customers". The rates charged to "For-Profit Customers", need not be uniform, but shall be determined by the Board of Directors, on a case by case basis.
- H. To require all officers, agents and employees charged with responsibility for the custody of the funds of the Corporation to give bonds in the amount determined by the Board of Directors, the cost thereof to be paid by the Corporation.
- I. To select one or more banks to act as the depository 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 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 have the option to suspend service to any member who has not paid such assessment within thirty (30) days from the date the assessment was due, provided the Corporation must give the member at least fifteen (15) days written notice, at the address of the member on the books of the Corporation, of its intention to suspend such service if the assessment is not paid. Upon payment of such assessment and penalties applicable thereto and a re-connection charge, if one is in effect, service will be promptly restored to such member.
- K. To delegate, by resolution or motion, to its various Officers or Committees, such duties and authority as the Board may deem necessary or appropriate. Any action

taken by an Officer or a Committee within the authority delegated by the Board shall be the lawful action of the Corporation.

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 Board of Directors, perform all acts and duties usually performed by an executive and presiding officer, and sign all membership certificates and such other papers of the Corporation, as the President may be authorized or directed to sign by the Board of Directors, provided the Board of Directors may authorize any person to sign any or 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.

Section 2. **Duties of Vice-President:** In the temporary absence or disability of the President, the Vice President shall perform the duties of the President, provided, however, that in the 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 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. The Secretary shall attest the President's signature on all membership certificates and other papers pertaining to the Corporation unless otherwise directed by the Board of Directors. The Secretary shall serve, mail, or deliver all notices required by law and by these By-Laws 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 keep the corporate seal and membership certificate records of the Corporation, complete and attest all certificates issued and affix said corporate seal to all papers requiring seal. The Secretary shall keep a proper membership certificate record, showing the name of each member of the Corporation and date of issuance, surrender, transfer, termination, cancellation or forfeiture. The Secretary shall keep a record of the identity and terms of each Director and alternate representative. The Secretary shall make all reports required by law and shall perform such other duties as may be required by the Board of Directors. Upon election of a successor, the Secretary shall turn over to the successor all books and other property belonging to the Corporation.

Section 4. **Duties of the Treasurer:** The Treasurer shall perform such duties with respect to the finances of the Corporation as may be prescribed by the Board of Directors and shall present the auditor's report to the members at the annual meeting of members and shall present the proposed budget to the Board of Directors at the first regular meeting immediately preceding the end of the fiscal year.

ARTICLE XI

Benefits and Duties of Members

Section 1. The Corporation, if sufficient members and adequate financing can be secured, will construct, operate and maintain, a raw water Source with the exact location to be determined, a Raw Water Main, from the source of the water supply to the Treatment Plant located at a location to be determined, Illinois and a finished Water Distribution System, from the Treatment Plant, to certain designated points of delivery to its members. The Corporation also may purchase and install a cutoff valve in the line serving each member. Said cutoff valve shall be owned and maintained by the Corporation and shall be installed on some portion of the water line owned by the Corporation. The Corporation shall have the sole and exclusive right to the 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 that the use of either or both of such devices is impractical or unnecessary to protect the system or the rights of the members and/or that it is not economically feasible.

Section 2. Each member or customer shall enter into a water supply contract which shall embody the principles set forth in the provisions of these By-Laws and which agreements shall be satisfactory in form and content to any financier of the Corporation's system. Each member shall purchase from the Corporation, pursuant to such agreement, a substantial portion of the water needed by it, to supply potable water to its retail customers subject however, to the provisions of these By-Laws, to such rules and regulations as may be prescribed by the Board of Directors, and to the availability of water. The Board of Directors may consider the amount or percentage of a proposed member's usage in its decision as to whether to grant an application of membership. Water loss on the lines operated and maintained by the Corporation shall be born by the Corporation.

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 shall pro-rate the water available among the various users on such basis as is deemed equitable by the Board of Directors.

Section 4. The Board of Directors may, and shall if required as a part of the system financing obligation, prior to the beginning of each fiscal year, determine a minimum rate to be charged each member during the following fiscal year for a specified quantity of water. The failure to pay water charges duly imposed shall result in the imposition of such penalties as the Board may determine by resolution.

ARTICLE XII

Distribution of Surplus Funds

It is not anticipated that there will be any surplus funds or net income to the Corporation at the end of the fiscal year after provisions are made for the payment of the expenses of operation and maintenance and the funding of the various reserves for depreciations, debt retirement, and other purposes, including but not limited to, those required by the terms of any borrowing transaction. In the event that there should exist such surplus funds or net income, they may be placed in an existing or new reserve account to be used for the early retirement of any outstanding indebtedness or to be used for the improvement and/or extension of the corporate facilities as the Board of Directors may

determine to be in the best interest of the Corporation and to the extent not otherwise provided for by any contractual arrangement. The occurrence in subsequent fiscal years of surplus funds or net income above the requirements of the Corporation as above mentioned, including, if any, a reserve for improvements and extension of the facilities shall be taken into consideration by the Board of Directors in determining the water rates to be charged the members.

ARTICLE XIII

Contractual Obligations

Notwithstanding anything herein to the contrary, the membership status of any entity shall not affect the validity or enforceability of any contract entered into between the Corporation and its member or former member, except that the water rate charged to a non-member, after resignation or termination may exceed the rate charged to a member.

ARTICLE XIV

Interconnections

The Corporation recognizes the mutual benefits of emergency interconnections between and amongst potable water systems and encourages its members to do so, provided it would not have a potentially serious, adverse impact on the Corporation's system or its ability to serve its members. As such, members may enter into interconnection agreements with each other without the approval of the Corporation's Board of Directors. The Board of Directors is aware of and hereby approves all interconnection agreements which any of its members currently has with other members and entities. However, henceforth the Corporation's Board of Directors must approve any or all interconnection agreements which a member proposes to enter into with an entity which is not a member of the Corporation. Likewise, the Corporation's Board of Directors must also approve any and all proposed interconnections of the Corporation's system, with an entity which is not a member of the Corporation.

ARTICLE XV

Amendments

These By-Laws may be repealed or amended by a vote of a majority of the Directors present at any regular meeting of the Board of Directors of the Corporation, or at any special meeting of the Board of Directors called for that purpose, except that no such amendment or repeal shall contravene any rule or regulation of any relevant regulatory agency or any financier of the Corporation, including but not limited to the United States Department of Agriculture Rural Development Agency, nor affect the rights of any bondholder, nor shall any such amendment or repeal affect the Federal tax status of any evidence of debt issued by the Corporation.

These By-Laws adopted at a Regular meeting of the members held _____, 2017 at
_____, Illinois.

Sue Campbell, Secretary