

BY-LAWS
of the
UPPER HALFMOON WATER COMPANY, INCORPORATED
AS AMENDED MARCH 29, 2016

ARTICLE I - PURPOSE

The purpose for which this corporation is 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 Upper Halfmoon Water Company, Inc. hereinafter, "Corporation".

SECTION 2. The principal office of this corporation shall be located in the Village of Stormstown, Halfmoon Township, Centre County, Pennsylvania, and the Corporation may maintain offices and places of business at such other places within or without the State as the Board of Directors may determine.

ARTICLE III - SEAL

SECTION 1. The seal of the Corporation shall have inscribed thereon the name of the corporation, the year of its organization and the words, "a non-profit corporation".

SECTION 2. The secretary of the Corporation shall have custody of the seal.

SECTION 3. The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE IV - FISCAL YEAR

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

ARTICLE V - MEMBERSHIP

SECTION 1. Upon receiving a request for membership, the Board of Directors shall before approving such member, determine whether it is economically feasible to furnish water to such applicant, and whether the capacity of the Corporation's water system is sufficient to supply the needs of its existing members and the needs of the new applicant. In the event it is determined by the Board of Directors that it is not economically feasible to furnish water to such applicant, or the capacity of the Corporation's water system is exhausted by the needs of its existing members, then the Corporation shall not be required to furnish such water service.

SECTION 2. Any person having reasonable accessibility to the source of and who is in need of having water supplied for domestic, livestock and garden purposes from the water system operated by the Corporation, and who receives the approval of the Board of Directors, may be admitted to membership as described below:

- (a.) Members may be required to sign an agreement for the purchase of water as provided and required by the Corporation.
- (b.) The membership fee shall be \$650 and in addition thereto, an applicant requesting new service shall pay a \$1000 connection fee in addition to the cost of connecting to the system as hereinafter provided. Membership and connection fees shall be payable prior to connection to the system.
- (c.) A separate membership shall be required for each individual residence, dwelling or trailer, and each individual family unit in a duplex or multiple apartment, condominium or town home unit. Separate membership is required no matter how separate residence is used, whether for hired person, lessees, relative or owner.
- (d.) Membership will be automatically terminated when the property to which a member is receiving water service by the Corporation transfers ownership. The new property owner shall automatically become a member upon receipt of their membership fee.
- (e.) There will be no membership refund for members who join the Corporation after April 1, 2009. Membership refunds for members who joined the Corporation prior to April 1, 2009 shall be in accordance with the policy which was in effect at the time membership began.
- (f.) The Corporation shall maintain a record of members. Previously issued membership certificates are no longer valid.

SECTION 3. Transfers of membership shall be made only upon the books of the Corporation, only to persons eligible to become members, only with the approval of the Board of Directors, and only when the transferring member is free from indebtedness to the Corporation and only under the following circumstances:

- (a.) Transfer of membership to a member's spouse, heir or other immediate family in case of the death or divorce of a member.
- (b.) Transfer of membership when the member relocates to a different dwelling location where water service will still be supplied by the Corporation; connection costs would still apply.
- (c.) Transfer of membership to a member's spouse or other immediate family upon the real estate transfer/sale of the living unit to same.

SECTION 4. The Board of Directors may elect to terminate membership status if the member willfully fails to comply with these by-laws and other requirements, or willfully obstructs the purposes and proper activities of the Corporation. Any member whose membership is so terminated may appeal from the action of the Board of Directors to a vote of the members at the next annual meeting of the members or at a special meeting of the members called for such purpose.

SECTION 5. In addition to granting membership to applicants using water for domestic, livestock and garden purposes, as herein provided, the Board of Directors is authorized and empowered, in its discretion, to grant memberships to individuals, firms, or corporations who may desire to use water for other than domestic, livestock or garden purposes. In the event the Board of Directors desires to approve

an application for membership for such purposes, a written contract shall be entered into between the Board of Directors and such member; such contract shall include the following:

- (a.) A limitation on the amount of water such user may use from the Corporation's system;
- (b.) A provision that the domestic, livestock, and garden users shall have a priority over such additional users so that in the event of any limitation of the use of water for all members, the domestic, livestock and garden users shall have the first priority, and the additional users will be discontinued first.
- (c.) Establishment of rates for such contract user.
- (d.) Such other regulations, requirements or limitations as the Board of Directors shall deem appropriate under the circumstances of the particular applicant.
- (e.) A provision that the member shall be bound by all of the terms and provisions of the by-laws of the Corporation, as altered by the contractual agreement.

Upon receiving an application for membership, from such applicant for use of water from the Corporation's system, other than for domestic, livestock or garden purposes, the Board of Directors shall consider the type of applicant, whether it is economically feasible to furnish water to such applicant, taking into consideration the capacity of the Corporation's system, and the needs of existing and future members. The Board shall have the sole and absolute discretion of either refusing or accepting applications for membership to such applicants for other water usage.

ARTICLE VI - OWNERSHIP AND DISSOLUTION

SECTION 1. This corporation shall not have capital stock, but its capital shall be owned equally by each of its active members.

SECTION 2. Any rights and interests of members of the Corporation, in the savings of the Corporation, and in the event of dissolution, any gains from the sale of any appreciated asset, will be distributed equally to all active members of the Corporation only at the time of dissolution, less any indebtedness owed by each member.

ARTICLE VII - MEETING OF MEMBERS

SECTION 1. The annual meeting of the members of this Corporation shall be held in Stormstown, Halfmoon Township, Centre County, Pennsylvania, between January 1 and April 1, such date, time, and place to be determined by the Board of Directors with ten (10) days written notice given to each member.

SECTION 2. Special meetings of the members may be called at any time by the action of the Board of Directors and such meetings must be called whenever a petition requesting such meeting is signed by at least ten percent of the 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 may be given by a notice mailed to each member of record, directed to the address shown upon the books of the Corporation, at least

10 days prior to the meeting. Such 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. The members present at any meeting of the members shall constitute a quorum at any meeting of the Corporation for the transaction of business. The voting powers of the members of this Corporation shall be equal; each member shall have only one vote regardless of the number of membership fees paid, and no voting by proxy shall be allowed. Organizations, businesses or corporations should notify the secretary in writing seven (7) days in advance of the annual meeting regarding the name of the individual who has been officially appointed to attend the meeting.

SECTION 5. The Directors of this Corporation shall be elected at the annual meeting of the members.

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

1. Calling to order and proof of quorum.
2. Reading and action of any unapproved minutes.
3. Reports of officers and committees.
4. Election of Directors.
5. Unfinished business.
6. New business.
7. Adjournment.

ARTICLE VIII - DIRECTORS AND OFFICERS

SECTION 1. The Board of Directors of this Corporation shall consist of nine (9) members, all of whom shall be members or former members of the Corporation, or prospective members living in a future service area who have indicated their intention, in writing, to become users as soon as the facilities of the Corporation can be extended to service them. The Directors shall each serve a three (3) year term, with no more than three (3) terms expiring in the same year. At each annual meeting, the members shall elect the number of Directors whose terms of office have expired. The number of Directors who are former members shall not exceed one (1).

SECTION 2. The Board of Directors shall meet within ten (10) days after the annual election of Directors and shall elect by ballot a President and Vice President from among themselves, a Secretary and Treasurer, each of whom shall hold office until the next annual meeting and until the election and qualification of their successor unless sooner removed by death, resignation or for cause.

SECTION 3. If the office of any Director becomes vacant by reason of death, resignation, retirement, disqualification or otherwise, except by removal from office, the remaining Directors, by a majority vote, shall choose a successor who shall hold office until the next annual meeting of the members of the Corporation, at which time the members shall elect a Director for the unexpired term.

SECTION 4. Directors shall receive reasonable compensation for their services as Directors as shall be approved from time to time by a majority of the members present at the annual meeting of the members or at a special meeting of the membership called for that purpose.

SECTION 5. 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 must be accompanied by a petition signed by ten (10) percent of the members of the Corporation. Such removal shall be voted on at

the next annual or special meeting of the members and shall be effective if approved by a vote of a majority of the members. The Director or officer against whom such charges have been presented shall be informed, in writing, of such charges five days prior to the meeting, and shall have the opportunity at such meeting to be heard in person or by council 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 of the Corporation. A vacancy in the Board thus created shall immediately be filled by 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 Directors from among their number so constituted after the vacancy in the Board has been filled.

SECTION 6. A majority of the Board of Directors shall constitute a quorum at any meeting of the Board.

SECTION 7. Any Board member who misses three or more consecutive meetings, for reasons other than personal illness, or extenuating circumstances beyond their control, may be removed from office by a majority vote of the Board members.

ARTICLE IX - DUTIES AND POWERS OF DIRECTORS

SECTION 1. The Board of Directors, subject to restrictions of law, the Articles of Incorporation, or these by-laws shall exercise all of the powers of the Corporation, and without prejudice to or limitations 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 and as hereinafter set forth to do the following things:

- (a.) To pass upon the qualifications of members.
- (b.) To select and appoint all officers, agents or employees of the Corporation or remove such agents or employees of the Corporation for just cause, prescribe such duties and designate such powers as may not be inconsistent with these by-laws, fix their compensation and pay for faithful services, and further contemplating that such Board of Directors shall be authorized to employ a secretary of such Board who need not be a Board member, nor a member of the Corporation.
- (c.) To borrow from any source, money, goods or services and to make and issue notes and other negotiable and transferable instruments, mortgages, deeds of trust agreements and to do every act and thing necessary to effectuate the same; to purchase, take, receive, lease, as lessee, or otherwise acquire and to hold, own, use and otherwise deal with any real or personal property, or any interest therein, situate in or out of this Commonwealth, which may be necessary and proper for its legitimate business and to sell and convey, lease, as lessor, and otherwise dispose of all or any part of said real or personal property. The Board of Directors shall not borrow more than \$5,000 nor make any sale or purchase of any real or personal property in excess of \$5,000, without approval of $\frac{3}{4}$ of the members present at any annual meeting of the membership or at a special meeting of the membership called for that purpose, provided, however, that this limitation shall not apply to replacements of existing equipment and to emergency purchases authorized by the Board of Directors, so long as any such expenditures are reported to the members at the next annual meeting of the members.
- (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 the breach thereof.

- (e.) To order, at least once a year, an audit of the books and accounts of the Corporation by a competent 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.
- (f.) To fix charges to be paid by each member for services rendered by the Corporation to them, the time of payment, and the manner of collection.
- (g.) To require all officers, agents and employees charged with responsibility for the custody of any 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 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 persons by whom the same shall be signed, within the power to change such banks and the person or persons signing such checks and the form thereof at will.

ARTICLE X - 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 papers of the Corporation as he 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 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 the case of death, resignation or disability of the president, the Board of Directors may declare the office vacant and elect the successor.

SECTION 3. Duties of the Secretary. The secretary shall keep a complete record of all meetings of the Corporation and the Board of Directors and shall have general charge and supervision of the books and records of the Corporation. He shall sign papers pertaining to the Corporation as he may be authorized or directed to do so by the Board of Directors. He shall serve all notices required by law and by these by-laws and shall make a full report of all matters and business pertaining to his office to the members at the annual meeting. He shall keep the corporate seal and affix said corporate seal to all papers requiring such. He shall keep a proper membership record, showing the name of each member of the Corporation, member address, and dates of membership. He shall make all reports required by law and shall perform such other duties as may be required of him by the Corporation or the Board of Directors.

SECTION 4. Duties of the Treasurer. The treasurer, under the direction of the Board of Directors, shall have charge of the funds of this Corporation and shall deposit the same in the name of this Corporation in depositories designated by the Board of Directors; he shall pay all vouchers or orders properly attested by the president; and shall make a complete and accurate report of the financing of this Corporation at such annual meeting of the members, or at any other time upon request of the Board of Directors; he shall give proper bond with approved surety in an amount as shall be set from time to time by the Board of Directors. Upon election of his successor, he shall turn over to the successor all books and other property belonging to the Corporation that he may have in his possession.

ARTICLE XI - BENEFITS AND DUTIES OF MEMBERS

SECTION 1. Each member shall be entitled to one (1) service line from the Corporation's water system, to be installed at the expense of the member, from the Corporation's main line. No new service line or change in existing service line may be made which will interfere with an existing service line or the delivery of water therein. Each service line shall connect with the Corporation's water system at the nearest available place to the place of desired use by the member. Members desiring additional service lines shall pay the cost thereof as determined by the Board of Directors and shall not be permitted any additional service lines unless the Board of Directors shall first approve the same. The Board of Directors shall have the right to refuse to grant additional service lines over and above the one as hereinbefore provided. All service lines shall always remain the property of the Corporation.

SECTION 2. The Corporation will install and maintain, at its own cost and expense, a water meter on the service line for the purpose of determining the consumption of water by the member. Each member shall be required to obtain the reading of the water meter installed on their service line and provide this number, in writing, to the Corporation when requested, or at an interval to be determined by the Board of Directors. Failure to provide an accurate reading when requested will result in penalty fees.

SECTION 3. The Corporation shall also require a shut-off valve to be installed in each service line, such shut-off valve to be owned and maintained by the corporation. The Corporation shall have the sole and exclusive right to use such shut-off valve to turn the water on and off. Installation, maintenance and repair of the curb box, which provides access to the shut-off valve, shall be the responsibility of the member.

SECTION 4. This section shall apply to charter members only. Maintenance, repair, and if necessary, replacement of the service line on the member's side of the shut-off valve shall be the responsibility of the member. The Corporation shall have the right to shut the water off for failure to maintain the service line.

SECTION 5. This section shall apply to members who are not charter members. Each member, at their own expense, shall maintain, repair, and if necessary replace the service line from the residence or principal building on the property out to, but not including, the shut-off valve or property line, whichever is closer. The Corporation shall have the right to shut the water off for failure to maintain the service line.

SECTION 6. Each of the members of this Corporation, by purchasing a membership, shall thereby have given, granted and conveyed to the Corporation, a right-of-way or easement for the purpose of digging, laying, constructing, testing and repairing a service line from the main distribution line to said point of principal dwelling or principal building on the residence or property of the member. Such right-of-way shall include the right to ingress and egress for all purposes including the right to go inside the premises for the purpose of reading, repairing, replacing and performing maintenance on the meter.

SECTION 7. In the event the total water supply shall be insufficient to meet all the needs of the members or in the event there is a shortage of water, the Corporation may pro rate the water available among the various members on such basis as is deemed equitable by the Board of Directors, and may also prescribe a schedule of hours covering the use of water for garden purposes by particular members and require adherence thereto or prohibit the use of water for garden purposes; provided that if at any time the total water supply shall be insufficient to meet all the needs of all of the members for domestic, livestock and garden purposes, the Corporation must first satisfy all of the needs of all of the members for domestic purposes before supplying any water for livestock purposes and must satisfy all of the needs of all of the members for both domestic and livestock purposes before supplying any water for garden purposes.

SECTION 8. The Board of Directors shall, prior to the beginning of each fiscal year, determine the flat minimum monthly or quarterly rate to be charged each member during the following calendar year for a specified quantity of water, such flat minimum monthly or quarterly rate will be payable irrespective of whether any water is used by a member during that time period. The Board of Directors shall also set the amount of additional charges, if any, for additional water which may be supplied the members and shall fix the date for the payment of such charges and shall notify each member of the amount of such charges and the dates for the payment thereof. The Board of Directors shall not increase the above mentioned rates for the next fiscal year, without the approval of a majority of the members present at the annual meeting or at a special meeting of the members called for that purpose. A member, to be entitled to the delivery of water, shall pay such charges to the office of the Corporation on or prior to the dates fixed by the Board of Directors. The failure to pay water charges duly imposed shall result in the disposition of the following penalties:

- (a.) Non-payment for thirty days after due. The water may be cut off from the delinquent member's property, and shall not be restored until all delinquencies are paid, together with a reconnection fee.
- (b.) Non-payment for sixty days. Membership in this corporation may be terminated.
- (c.) Any member whose membership has been terminated for non-payment as provided for in paragraph (b) of Section 8 of Article XI, who later makes application for water service and membership again, shall be required to pay the same initial membership fee together with the cost of furnishing the water service to him as if he were making application for initial membership in this corporation.

SECTION 9. In addition to the authority conferred on the Board of Directors by Section 8 of this Article, the Board of Directors shall, with the approval of a majority of the members present at a meeting called for such purposed, have the right to change the flat minimum monthly or quarterly rate to be charged each member during the calendar year at any time when it appears necessary to do so, provided that each member shall have a least ten (10) days prior written notice of the meeting called for such purpose, together with notice of the proposed change of such rates.

ARTICLE XII - SURPLUS FUNDS

SECTION 1. It is not anticipated that there will be any net income. If there should be any net income, then at the end of the fiscal year, after paying the expenses of the Corporation for operation and otherwise, and after setting aside reserves for depreciation on all buildings, equipment and office fixtures and upon such other reserves as the Board of Directors may deem proper, and after providing for the payment of interest and principal of obligations and amortized debts of the Corporation; and after providing for the purchase of proper supplies and equipment, the net earnings shall be accumulated in a surplus fund for the purpose of replacing, enlarging, extending and repairing the system and property of the Corporation and for such other purposes as the Board of Directors may determine to be for the best interests of the Corporation.

ARTICLE XIII - AMENDMENTS

SECTION 1. These by-laws may be repealed or amended by a vote of a majority of the members present at any annual meeting of the Corporation, or at any special meeting of the Corporation called for that purpose. Notice of any amendment to be made at a special meeting of the members must be given at least ten (10) days before such meeting and must set forth the amendments to be considered.