

# **BY-LAWS OF TENNESSEE ASSOCIATION OF UTILITY DISTRICTS**

## **ARTICLE I - NAME**

The name of the Association is the Tennessee Association of Utility Districts (the Association).

## **ARTICLE II – PURPOSES AND OBJECTIVES**

- To assist member utilities in defining objectives, setting policy, and providing good management and technical oversight.
- To develop policy positions, legislation and regulations that govern all aspects of utility operation and management of its member utilities.
- To disseminate information on all issues affecting its member utilities.
- To provide opportunities for the education, advancement and improvement of all aspects of the business and operation of its member utilities through communications, publications, meetings, training and continuing education, conferences, industry meetings and discussion groups.
- To improve the efficiency and quality of service provided to member utility customers through cooperation and exchange of information.
- To provide education, training and on-site technical assistance through its own resources and in cooperation with any state or federal agency that may provide technical service or guidance in the development and successful operation of its member utilities.
- To serve as an advocate for member utilities through the formulation of federal, state and local laws, rules and regulation, administrative procedures, and other activities.
- As permitted by federal and state law, to own, become a member of or participate in any organization or joint venture which further the purposes and objectives of the Association in this Article II or in its charter.

## **ARTICLE III – OFFICES**

The principal office of the Association is located at 840 Commercial Court, Murfreesboro, Tennessee, 37130, or will be located as determined by the Board of Directors. The Association may have such other offices either within or without Tennessee as business of the Association may require.

## **ARTICLE IV – MEMBERSHIP**

4.1 Membership Classes. The Association will have two classes of Membership as follows:

(a) Regular Membership. Regular Membership is available to any of the organizations in this Section 4.1(a) which provide or are legally able to provide to the public any of the following services: water, sewer, sewage disposal, natural gas, natural gas transportation, natural gas storage, propane, artificial gas, police, fire protection, garbage collection and disposal, street lighting, parks and recreational facilities, community antenna television service and other public utility services. These organizations include: utility districts, municipalities, counties, authorities, and other political subdivisions of the State of Tennessee; cooperatives; non-profit corporations; and private, investor-owned corporations and limited liability companies. Regular Members will be voting members.

(b) Associate Membership. Membership available to professional consultants, commercial business establishments, manufacturers and suppliers serving the member utilities and any of their sales representatives. Associate members are non-voting members.

(c) Other. The Association may establish other membership classes by amendment to the Bylaws.

4.2 Application and Acceptance. Each applicant for Regular or Associate membership must complete the Association's written application and furnish the Association with its name, mailing address, email, occupation and such other information as the Association may require. Upon the payment of the applicable annual membership dues for the applicant's membership class, the applicant will become a member of that membership class of the Association. The membership of a Regular Member will be held in the name of the utility organization.

4.3 Removal. Members of any class may be removed for cause from membership by a two-thirds (2/3) vote of the Board of Directors.

## **ARTICLE V - MEETINGS OF THE MEMBERS**

5.1 Annual Meeting. The annual meeting of the members of the Association will be held at a place to be determined by the Board of Directors on the Tuesday following the first Sunday in June of each year or as otherwise prescribed by the Board of Directors. The President or Executive Director will give each member written notice of the Annual Meeting at least (fifteen) 15 days before the Annual Meeting. The written notice may be sent to each member by first class mail, fax or email at the most recent address, fax number or email address supplied to the Association by the Member.

5.2 Special Meetings. Special Meetings of the Members may be called by the President and by such officers, or persons as designated by the Board of Directors. The President or Executive Director will give each Member written notice of a Special Meeting at least ten (10) days before

the Special Meeting. The written notice may be sent to each Member by first class mail, fax or email at the most recent address, fax number or email address supplied to the Association by the Member.

5.3 Voting. Only Regular Members for which annual dues have been received by the Association before the Annual Meeting of the Members will be entitled to vote.

(a) Each Regular Member will have one vote on each matter submitted to a vote at a meeting of the members. The vote of the Regular Member will be cast by the authorized delegate of the Regular Member. Before the meeting each Regular Member will appoint a voting delegate for the meeting. The voting delegate for the Regular Member will identify himself or herself as the Regular Member's voting delegate at the registration for the meeting on a form and in a manner prescribed by the Association.

(b) All matters presented at the Annual or Special Meetings of the members will be decided by the majority vote by the delegates present in person. Voting by written proxy or absentee ballot is not permitted.

(c) Voting to fill vacancies on the Board of Directors must further comply with Section 6.4.

(d) Before any meeting of the members, the Executive Director of the Association will prepare the form of the ballot for any votes to be taken by written ballot. Any ballot form other than the form prescribed by the Executive Director is invalid. Any ballot not executed in the manner prescribed by the Executive Director is invalid.

5.4 Quorum. The members present at the Annual Meeting or any Special Meeting will constitute a quorum for the meeting.

5.5 Rules of Order. For any meeting of the members, the President of the Board may appoint a Parliamentarian. The meeting will be conducted in accordance with the most recent version of the Roberts' Rules of Order. Governed by the Roberts' Rules of Order, the Parliamentarian will advise the President on any issues of procedure and decorum. Any person found in violation of the Bylaws of the Association or Roberts' Rules of Order by the President, or who in the opinion of the President conducts himself or herself in a disruptive or disorderly manner, may be expelled from the meeting.

## **ARTICLE VI – BOARD OF DIRECTORS**

6.1 General Powers. The affairs of the Association will be governed by a thirteen (13) member Board of Directors. The Board of Directors may establish such Standing Committees and will confer such powers to a Standing Committee as the Board determines.

6.2 Terms of Office. The thirteen (13) Directors of the Association serve terms of three years. Each Director will hold office until his or her successor has been duly elected and qualified.

6.3 Eligibility. To be eligible for service on the Board of Directors, a person must be: (1) a member of the governing board of a Regular Member; (2) the chief management officer of Regular Member; or (3) the assistant to the chief management officer of a Regular Member. No Regular Member will have more than one representative on the Board of Directors at any time.

6.4 Election.

(a) The Directors of the Association will be elected by the Regular Members at the Annual Meeting of the Members. Before the Annual Meeting, the Nominating Committee will meet and nominate qualified and willing candidates for the vacancies on the Board to be filled at the Annual Meeting. At least fifteen (15) days before the Annual Meeting, the Nominating Committee will inform the Board of Directors of its nominees in writing by first class mail, fax or email. Additional nominations may be received from the floor from the Regular Members.

(b) To be elected, a nominee must receive a majority of the votes cast by the delegates of the Regular Members at the Annual Meeting. Board vacancies will be filled by secret ballot. If a vacancy is not filled by a majority of the votes cast on the first ballot, successive ballots will be taken with the nominee receiving the least number of votes on each successive ballot being eliminated until each Director vacancy is filled by a majority of the votes cast.

(b) If the office of a Director becomes vacant by reason of death, resignation, ineligibility, or otherwise, the remaining members of the Board will appoint a successor who will fill the unexpired term of the Director.

6.5 Director Resignation, Ineligibility and Removal.

(a) Any Director of the Board may resign at any time by submitting a written resignation to the President of the Association.

(b) If a Director becomes ineligible to serve on the Board during his or her term by failing to meet the eligibility requirements set forth in Section 6.3, the Director must resign within thirty (30) days of becoming ineligible. If the Director does not submit a written resignation within thirty (30) days, the Board of Directors may remove the Director by a two-thirds vote of the Board.

(c) By a two-thirds vote of the Board, the Board of Directors has the authority to remove any Director when the Board determines such removal is in the best interest of the Association.

6.6 Associate Member Representative to Board. The Associate Members will elect one of the owners, officers or employees of an Associate Member to serve as a non-voting representative to the Board of Directors. The Associate Member Board Representative will be elected at the first meeting of the Associate Members after the Annual Meeting of the Members. The Associate Member Board Representative will serve a one year term. The Associate Member Board

Representative may attend the meetings of the Board of Directors and will communicate the interests of and report the activities of the Associate Members to the Board.

6.7 Electronic Transaction of Business. To the fullest extent permitted by law, the Board of Directors may conduct business by electronic means.

6.8 Board Meetings.

(1) Regular Meetings. The Board of Directors will have at least two regularly scheduled meetings each fiscal year. One regular meeting will be held during or immediately after the Annual Meeting of the Members. The President of the Board will set the time and place of other regular board meetings. Notice of regular meetings will be provided by the President or Executive Director by mail, facsimile, telephone, email, or any other method of electronic or telephonic communication.

(2) Special Meetings. The President or any five or more Directors will have the authority to call Special Meetings of the Board of Directors. Notice of any Special Meeting of the Board will be given at least three (3) days before the meeting by the President or Executive Director by mail, facsimile, telephone, email, or any other method of electronic or telephonic communication.

(3) Notice. Neither the business to be transacted nor the purpose for any Regular or Special Meeting of the Board must be included in the notice of a Board meeting, unless specifically required by law or by these Bylaws. Notice of any adjourned meeting of the Board of Directors need not be given. A Director's attendance at or participation in a meeting waives any required notice of the meeting unless the Director at the beginning of the meeting (or promptly upon the Director's arrival) objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

(4) Quorum. The presence at any meeting of a majority of the number of Directors as designated in the Bylaws will constitute a quorum for the transaction of business. In the absence of a quorum, a majority of the Directors present at the meeting may adjourn such meeting from time to time until a quorum is present.

(5) Electronic or Telephonic Participation. Any or all Directors may participate in a Regular Meeting or Special Meeting through the use of any means of communication by which all Directors participating may simultaneously hear each other during the meeting. A Director participating in a meeting by this means is deemed to be present in person at the meeting.

(6) Informal Action by Directors. The Directors may take action without a meeting if a consent in writing setting forth the action so taken is signed by all of the Directors. Each written consent must bear the date of signature of each Director and is to be delivered to the Association's principal office. The written consent will be included in the minutes filed with the corporate records reflecting the action taken. Action taken under this section is effective when the last Director signs the consent, unless the consent specifies a different effective date.

(7) Rules of Conduct and Order. The meetings of the Board of Directors will be governed by the Procedures for Small Board in the most recent version of the Roberts' Rules of Order.

6.9 General Standards for Directors.

(a) A Director will discharge the Director's duties in good faith, with ordinary care, and in a manner which the Director reasonably believes to be in the best interest of the Association.

(b) A Director may in good faith and with ordinary care, rely on information, opinions, reports, or statements, including financial statements and other financial data, concerning the Association or another person and prepared or presented by:

- an officer or employee of the Association;
- legal counsel;
- a certified public accountant;
- an investment banker;
- a person who the Director reasonably believes possesses professional expertise in the matter; or
- a committee of the Association of which the Director is not a member.

6.10 Director Liability. A Director is not liable to the Association, a member, or another person for an action taken or not taken as a Director if:

(1) the Director acted in good faith, with ordinary care, and in a manner the Director reasonably believed to be in the best interest of the Association; or

(2) in the exercise of ordinary care, the Director acted in good faith and in reliance on the written opinion of an attorney for the Association or on information, reports, or statements, including financial statements, prepared or presented by one of the enumerated individuals or entities set forth in Section 6.9(b) of these Bylaws.

## **ARTICLE VII – STANDING COMMITTEES**

7.1 General. The Association will have three Standing Committees: Nominating Committee, Finance Committee and Legislative Committee. The Board of Directors may create other Standing Committees. The Board of Directors will prescribe the functions and duties of the Standing Committees. Each Standing Committee (Committee) will be composed of two or more Directors of the Association and may include non-directors. Committee members will be appointed by the President of the Association. The Board of Directors must affirmatively vote to renew the continued functioning and existence of each Standing Committee at the Annual meeting of the Board of Directors. Any Standing Committee which is not affirmatively renewed at this Board meeting will cease to exist as of the date of this Annual Board Meeting.

7.2 Term of Office. Each member of a Committee will continue as such until the next Annual Meeting of the Members of the Association and until his or her successor is appointed, unless the member is removed from the Committee or ceases to qualify as a member of the Committee.

7.3 Chair. One member of each Committee will be appointed Chair and one member appointed Vice-Chair by the President of the Board.

7.4 Vacancies. Vacancies in the membership of any Committee will be filled by the President of the Association.

7.5 Quorum. The members present at Committee meeting will constitute a quorum, and the act of a majority of the members present at a meeting will be the act of the Committee.

## **ARTICLE VIII - OFFICERS**

8.1 Officers. The Association will have a President, a Vice-President, a Secretary and a Treasurer (the Officers). The Officers must be Directors of the Association. The Board will prescribe the authority and duties of the Officers. The Board of Directors may elect or appoint such other officers as it deems desirable for the work of the Association. Any two or more offices may not be held by the same person.

8.2 Election and Term of Office. The Officers of the Association will be elected every two years by the Board of Directors at the regular Annual Meeting of the Board of Directors. If the election of Officers is not held at such meeting, such election will be held as soon thereafter as conveniently may be. Each Officer will hold office until his or her successor has been duly elected and qualified. New offices may be filled at any meeting of the Board of Directors.

8.3 Qualifications for Officers. A Director must have served at least one full three-year term, to be eligible for election to be an Officer for the Association, other than President. A Director must have served at least two years as an Officer to be eligible for the office of President.

8.4 Removal. Any Officer elected or appointed by the Board of Directors may be removed by a majority vote of the Board of Directors whenever in its judgment the removal of the Officer is in the best interests of the Association.

8.5 Vacancies. A vacancy in any office because of death, resignation, disqualification or otherwise may be filled by the Board of Directors for the Officer's unexpired term.

8.6 President. The President will:

- (a) Preside over all meetings of the Board of Directors and the Annual Meeting of the Members of the Association;

(b) Create special committees when deemed necessary and expedient to conduct business of the Association and to appoint members to the special committees in cooperation with the Executive Director;

(c) To prescribe the functions and duties of special committees and to dissolve special committees when they have fulfilled the purpose of their creation; and

(d) Perform all duties as may be prescribed by the Board of Directors from time to time.

8.7 Vice-President. The Vice-President will:

(a) Perform the duties of the President in the event the President is unable or refuses to act; and

(b) In general, perform all duties and have all powers incident to the office of Vice-President and perform such other duties as from time to time may be assigned by these Bylaws or by the Board of Directors.

8.8 Secretary. In cooperation with the Executive Director, the Secretary will:

(a) Be responsible for designating an employee of the Association to record all the proceedings of the meetings of the Association and Directors. Minutes of the meetings of the Board of Directors will be approved by the Board and signed by the President and the Secretary. Minutes of the meetings of the members will be approved by the members and signed by the President and the Secretary;

(b) Be responsible for authenticating records of the Association; and

(c) In general, perform all duties and have all powers incident to the office of Secretary and perform such other duties as from time to time may be assigned by these Bylaws or by the Board of Directors.

8.9 Treasurer. In cooperation with the Executive Director, the Treasurer will:

(a) Serve as chair of the Finance Committee; and

(b) In general, perform all duties and have all powers incident to the office of Treasurer and perform such other duties and have such other powers as from time to time may be assigned by these Bylaws or by the Board of Directors.

## **ARTICLE IX – EXECUTIVE DIRECTOR**

9.1 Executive Director. The Board of Directors will employ an Executive Director who will:

(a) Serve as the chief executive officer of the Association;



(b) Have general charge of the business affairs and property of the Association, subject to the direction and under the supervision of the Board of Directors;

(a) Have the authority to administer the day to day affairs and activities of the Association, including the power to hire or dismiss personnel;

(d) Sign any deeds, mortgages, bonds, contracts, or other instruments behalf of the Association;

(e) Prepare and present programs and plans for the consideration of the Board of Directors;

(f) Provide for the maintenance of records of the property of the Association, catalogue and provide for the safekeeping of all equipment, charts, documents, files, and other sources of information which are the property of, or in the possession of the Association;

(f) Provide for the preparation and delivery to members of notices of all Annual and Special meetings of the Members, and provide for the preparation and delivery to Directors of notices of all Annual and Special Meetings of the Board of Directors;

(g) Provide proper protection, review and examination of vouchers for all monies and disbursements;

(h) Cause all monies and other valuable effects of the Association to be deposited in its name and to its credit;

(i) Cause the funds of the Association to be disbursed by checks or drafts upon the authorized depositories;

(j) Keep, or cause to be kept, correct books of accounts of all the business records and financial transactions of the Association;

(k) Be custodian of all files, records, documents, and properties of the Association;

(l) Be responsible for obtaining a bond for all Officers, Directors, and employees having custody or authority over funds; and

(m) In general, perform all duties and have such other authority as from time to time may be assigned by the Board of Directors.

9.2 Compensation. The Executive Director will be an employee of the Association, and the Board of Directors will establish the compensation for the Executive Director.

## **ARTICLE X - COMPENSATION OF OFFICERS AND DIRECTORS**

10.1 Compensation. No Officer or Director of the Association will be entitled to any compensation for or in consideration of the execution of his duties as such Director or Officer.

10.2 Conflict of Interest. No Officer, Director or the Executive Director of the Association will; (1) solicit or accept or agree to accept a financial benefit, other than from the Association, that might reasonably tend to influence his or her performance of duties for the Association or that he or she knows or should know is offered with the intent to influence the Officer, Director or Executive Director's performance of his or her duties; (2) accept employment or compensation that might reasonably induce him or her to disclose confidential information acquired in the performance of official duties; (3) accept outside employment or compensation that might reasonably tend to impair independence of judgment in performance of duties for the Association; (4) make any personal investment that might reasonably be expected to create a substantial conflict between the Officer, Director, Executive Director or private interest and duties for the Association; or (5) solicit or accept or agree to accept a financial benefit from another person in exchange for having performed duties as an Officer or Director or as Executive Director of the Association in favor of that person.

## **ARTICLE XI - DUES AND FEES**

11.1 Establishment. The Board of Directors will establish the annual dues which must be paid for membership in the Association and will establish other fees for members as necessary to finance the operations of the Association.

11.2 Annual Dues. Each member of this Association will pay annual dues based upon the number of its customers or as otherwise prescribed by the Board of Directors. Statements for annual fees will be due and payable on or before the first day of October of each year.

11.3 Activity Fees. Each member of this Association will pay activity fees as prescribed by the Board of Directors. The due date for activity fees will be determined by the Executive Director and will be set forth in the statements sent for payment of the activity fees.

11.4 Other Fees. The Board of Directors may establish other fees for members which may be different for different member classes and may be different for members within each member class as determined by the Board.

## **ARTICLE XII - CHECKS, DEPOSITS AND FUNDS**

12.1 Checks, Drafts and Deposits. All checks, drafts, or orders for the payment of money, notes, or other evidences of indebtedness will be issued in the name of the Association and in such manner as will from time to time be determined by the Executive Director. All funds of the Association will be deposited from time to time to the credit of the Association in such banks, trust companies, or other depositories as the Executive Director may elect.

12.2 Gifts. The Board of Directors may accept on behalf of the Association any contribution, gift, bequest, or devise for the general purpose or for any special purpose of the Association. The Board of Directors may reject any donation made upon a condition or restriction if in the discretion of the Board of Directors the acceptance of the donation as so conditioned or restricted will not be in the best interests of the Association.

### **ARTICLE XIII BOOKS, RECORDS AND FINANCIAL AFFAIRS**

13.1 Books and Records. The Association will keep correct and complete books and records of financial accounts and of minutes of the proceedings of Board of Directors and the members. All records will be kept at the registered or principal office of the Association. All books, minutes, and financial records of the Association may be inspected by any member or the member's agent or attorney for any proper purpose at any reasonable time during the regular office hours of the Association in accordance with Tennessee law.

13.2 Fiscal Year. The Fiscal year of the Association will begin on the first day of July and end on the last day of June in each year.

13.3 Affairs Conducted Not For Profit. The Association will conduct its business on a non-profit basis as a 501(c)(6) Tax Exempt Organization.

13.4 Annual Audit. The books and financial accounts of the Association will be audited at least once a year by a Certified Public Accountant competent to perform such audit.

### **ARTICLE XIV – DIRECTOR AND OFFICER LIABILITY AND INDEMNIFICATION**

14.1 Director Liability. To the extent allowed by Tennessee law, no present or future Director of the Association (or his or her estate, heirs and personal representatives) will be liable to the Association or its members for monetary damages for breach of fiduciary duty as a Director. Any liability of a Director (or his or her estate, heirs and personal representatives) will be eliminated or limited to the fullest extent allowed by Tennessee law now in effect or as amended.

14.2 Right of Indemnification. With respect to claims or liabilities arising out of service as a Director or Officer of the Association, the Association will indemnify and advance expenses to each present and future Director and Officer (or his or her estate, heirs and personal representatives) to the fullest extent allowed by Tennessee law now in effect or as amended.

14.3 Payment of Expenses. In its discretion, the Association may pay the expenses (including attorneys' fees) incurred in defending any proceeding in advance of its final disposition. The payment of these expenses in advance may be authorized only upon the condition that the Director or Officer repay all amounts advanced if it should be ultimately determined that the Director or Officer is not entitled to be indemnified under this Article or otherwise.

14.4 Non-Exclusivity of Rights. The rights conferred on any person by this Article will not be exclusive of any other rights such person may have or may acquire under any statute, bylaw, agreement, vote of the disinterested Directors, or otherwise.

14.5 Amendment or Repeal. Any repeal or modification of the provisions of this Article will not adversely affect any right or protection of any person with respect to any act or omission occurring before the time of such repeal or modification.

#### **ARTICLE XV – DISSOLUTION**

Subject to the prior rights of the holders of any debt or other obligation of the Association, upon the dissolution of the Association, all funds, properties and assets of the Association will be distributed to the Members in accordance with the Tennessee Nonprofit Corporation Act after the payments of all debts, bills, expenses and obligations outstanding. No Director or Officer of the Association or any person will ever derive or receive any financial or pecuniary gain or profit from the operation of the Association, either on dissolution, liquidation, or otherwise.

#### **ARTICLE XVI - AMENDMENTS**

These Bylaws may be altered, amended, or repealed by a majority vote of the members present at any Annual or Special Meeting of the Membership, except that the members will not have the power to change the purpose of the Association so as to decrease its rights and powers under the laws of the State of Tennessee, or to waive any requirements of bond or other provisions for the safety and security of the property and funds of the Association or its members, or to deprive any Member of rights and privileges then existing.