

**BY-LAWS OF
CULPEPER COUNTY WATER AND SEWER AUTHORITY**

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**ARTICLE I
OFFICE**

1. The principal office of the Culpeper County Water and Sewer Authority shall be at 302 North Main Street, Culpeper, Virginia, or at such particular place as shall be fixed from time to time by resolution of the Authority.

2. All of the books and records of the Authority shall be kept at the principal office, except as otherwise required by resolution of the Authority, or as the business of the Authority may require.

**ARTICLE II
MEETINGS OF THE AUTHORITY**

1. Regular meetings of the Authority shall be held each month on the first Thursday of the month at such time as shall be determined by action of the Authority or at such other time as may be communicated to members of the Authority by or at the direction of the Chairman or the Vice-Chairman. Meetings shall be held at the principal office of the Authority unless otherwise designated by action of the Authority or upon notice to the Authority members by or at the direction of the Chairman or the Vice-Chairman.

2. Special meetings of the Authority may be called by the Chairman or, in his absence or incapacity, by the Vice-Chairman. Special meetings may be held at any time or place within or without the Commonwealth as may be specified in the call for such a meeting. Notice of special meetings shall be given by forty-eight hours' notice by mail or twenty-four hours' notice by telephone. Special meetings of the Authority may be held at any time without notice, provided all members of the Authority are present or provided those not present have waived notice of such special meeting. Special meetings may be held at such time and places as the notice or waiver thereof may specify provided, however, that special meetings outside of Culpeper County shall require notice of seventy-two hours by mail or thirty-six hours by telephone. Meetings may be conducted by electronic means only as permitted by the Virginia Freedom of Information Act. Any business of the Authority may be considered and acted upon at any such meeting.

3. All meetings of the Authority shall be open to the public except that the Authority may elect to close any meeting to the public for purposes of considering matters permitted for closed meetings under the Virginia Freedom of Information Act or as otherwise permitted by law.

**ARTICLE III
OFFICERS**

1. The officers of the Authority shall be a Chairman, a Vice-Chairman, a Secretary, and General Manager who shall also serve as Treasurer. The Chairman, Vice Chairman, and Secretary shall hold such offices until July 1 of the year following their election and until the election and qualification of their successors.

2. The members of the Authority shall elect from their number one member to serve as Chairman, one member to serve as Vice-Chairman, one member (or a non-member) to serve as Secretary, and will elect from outside their number a non-member to serve as General Manager and Treasurer. Any officer of the Authority shall be eligible for re-election.

3. The General Manager and Treasurer, and the Secretary (if a non-member) shall serve at the pleasure of the Authority. Officers who are members of the Authority may be removed by a vote of two-thirds of the membership of the Authority at a regular meeting of the Authority.

4. The Chairman shall preside at all meetings of the Authority. Unless some other person is thereunto specifically authorized by vote of the Authority, the Chairman shall sign all contracts and other instruments to be executed on behalf of the Authority. He shall perform all the duties commonly incident to his office, and shall perform such other duties and have powers as the Authority may from time to time designate.

5. The Vice-Chairman shall perform the duties and have the powers of the Chairman during the absence or incapacity of the Chairman. He shall perform all the duties commonly incident to his office, and shall perform such other duties and have such other powers as the Authority may from time to time designate.

6. The General Manager shall be the chief administrative officer of the Authority. Under policies and directives set by the Authority, he shall have charge of all personnel, operations and business of the Authority. Subject to the provisions of any trust agreement securing revenue bonds of the Authority, he shall, as Treasurer, have the responsibility to oversee the care and custody of the funds of the Authority and shall have and exercise, under the supervision of the Authority, all the powers and duties commonly incident to the office of Treasurer. He shall perform all other duties commonly incident to his office of General Manager, and shall perform such other duties and have such other powers as the Authority may from time to time designate.

7. The Secretary of the Authority shall act as secretary or clerk thereof, record all votes and keep accurate records of all proceedings at such meetings in a minute book to be kept for that purpose, which shall be open at all reasonable times to the inspection of any member. If the Authority elects to adopt an official seal, the Secretary shall keep the official seal in safe custody and shall have authority to affix such seal to all papers authorized to be executed by the Authority requiring such seal to be affixed. The Secretary shall have authority to cause copies to be made of all minutes, and other records and documents of the Authority to the effect that such copies are true copies, and all persons dealing with the Authority may rely upon such certificates. The Secretary shall perform all the duties commonly incident to the office of secretary or clerk and shall perform such other duties and have such other powers as the Authority from time to time may designate. In the absence of the Secretary from any meeting of the Authority, a temporary secretary may be chosen who shall record the proceedings thereof.

9. In addition to the officers above mentioned, the Authority may provide for such deputies, assistants and other officers as it may deem necessary from time to time, who shall perform such duties and have such powers as the Authority may designate.

ARTICLE IV QUORUM

A majority of members of the Authority shall constitute a quorum and the vote of the majority of members shall be necessary for any action taken by the Authority. No vacancy in the membership of the Authority shall impair the right of a quorum to exercise all the rights and perform all the duties of the Authority.

ARTICLE V LIMIT ON LIABILITY AND INDEMNIFICATION

Limit on Liability. In every instance in which the Virginia Stock Corporation Act, Section 13.1-692.1 as it exists on the date hereof or may hereafter be amended, permits the limitation or elimination of liability of directors or officers of a corporation to the corporation or its shareholders, the directors and officers of the Authority shall not be liable to the Authority. The liability of a director or officer of the Authority, to the Authority, for damages assessed against such director or officer is eliminated, provided such director or officer has discharged his duties in accordance with the statutory standards of conduct for directors and officers pursuant to Va. Code Ann. §13.1-690 and §13.1-692.1. The liability of a director or officer shall not be eliminated or limited if the director or officer engaged in willful misconduct, or a knowing violation of the criminal law, or of any federal or state law.

Indemnification of Officers and Members.

1. The Authority shall indemnify any person who was or is a party or who is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative or investigative by reason of the fact that he is or was an officer or member of the Authority, or is or was serving at the request of the Authority as an officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in the manner he reasonably believed to be in or not opposed to the best interests of the Authority, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not of itself create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Authority, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

2. To the extent that an officer or member of the Authority has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in paragraph 1 above or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

3. Any indemnification under paragraph 1 above (unless ordered by a court) shall be made by the Authority only as authorized in the specific case upon a determination that indemnification of the

officer or member is proper in the circumstances because he has met the applicable standard of conduct set forth in paragraph 1. Such determination shall be made either (a) by the members of the Authority by a majority vote of a quorum consisting of members who were not parties to such action, suit or proceeding, or (b) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested members so directs, by independent legal counsel in a written opinion.

4. Expenses (including attorneys' fees) incurred in defending an action, suit or proceeding, whether civil, criminal, administrative, arbitative or investigative, may be paid by the Authority in advance of the final disposition of such action, suit or proceeding as authorized in the manner provided in paragraph 3 above upon receipt of an undertaking by or on behalf of the officer or member to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Authority as authorized in this section.

5. Each such indemnity shall continue as to a person who has ceased to have the capacity referred to above and shall inure to the benefit of the heirs, executors and administrators of such a person.

6. The Authority shall have power to make any other or further indemnity to any person permitted under the laws of the Commonwealth of Virginia.

ARTICLE VI RULES OF PROCEDURE

The vote on the adoption of every resolution, authorization or direction of the Authority by its members shall be recorded. The names of the members voting for and against any such action (unless the vote is unanimous and with abstention) shall be entered upon the minutes of the meeting.

ARTICLE VII OFFICIAL SEAL

The official seal of the Authority shall consist of the embossed impression of a circular metallic disc containing in the outer rim the words "CULPEPER COUNTY WATER AND SEWER AUTHORITY," and the date of the incorporation of the Authority, "July 6, 2001," and in the inner circle the word, "VIRGINIA." The Secretary shall cause an impression of this seal to be made on the margin of this page and on the margin of the minutes containing the adoption of this Article.

ARTICLE VIII AMENDMENTS

Except as otherwise provided by law, these Bylaws may be amended, added to, altered, or repealed in whole or in part by the Authority at any meeting of the Authority, provided that notice of the proposed amendment, addition, alteration, or repeal is given in the notice of such meeting, or that all members are present at such meeting.

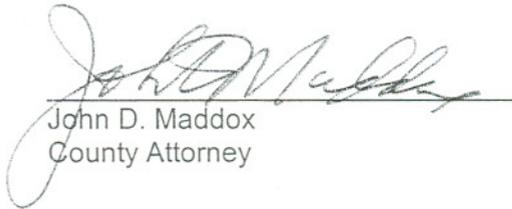
Adopted: September 6, 2005.


John F. Coates, Chairman

ATTEST:


Frank T. Bossio
Clerk to the Board

Approved as to Form:


John D. Maddox
County Attorney