

## **UPPER NEUSE RIVER BASIN ASSOCIATION, INC. BYLAWS**

### **ARTICLE I – IDENTITY**

These are the Bylaws of the Upper Neuse River Basin Association, Inc. (“Bylaws”), a North Carolina non-profit corporation hereinafter referred to as the “Association”, the Articles of Incorporation (“Articles”) of which have been filed with the North Carolina Secretary of State. The Upper Neuse River Basin Association, Inc. also operates under the assumed name of the Falls Lake Watershed Association.

### **ARTICLE II – OFFICES**

The initial principal office of the Association shall be located at P.O. Box 370, Butner, North Carolina 27509. The Association may have such other offices, either within or without the State of North Carolina, as the Board of Directors may designate or as the business of the Association may require from time to time.

The registered office of the Association required by the North Carolina Nonprofit Corporation Act (the “Nonprofit Act”) to be maintained in the State of North Carolina may be, but need not be, identical with the principal office of the Association, and the address of the registered office may be changed from time to time by the Association.

### **ARTICLE III – ORGANIZATION**

The Association shall be a nonprofit organization (i) established and operated in accordance with the provisions of 26 U.S.C. (the “Internal Revenue Code”) Section 501(c)(3) and the regulations thereunder, and (ii) incorporated under the Nonprofit Act. The Association shall be an independent and autonomous organization. Its period of duration shall be perpetual unless terminated in accordance with Article XIII below.

### **ARTICLE IV – PURPOSES**

The purposes for which the Association is established and shall operate are as follows:

1. The Association is organized and shall be operated exclusively for purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code; provided, however, that no part of the net earnings thereof shall inure to the benefit of any private shareholder or individual. Notwithstanding any other provision of these Bylaws, the Association shall not carry on any activities not permitted to be carried on by an organization described in Internal Revenue Code Sections 501(c)(3).

The Association is organized and shall operate exclusively as a non-profit corporation to assist its member local governments in their efforts to jointly address issues of concern to the member local governments relating to water quality and waste water management in the Upper Neuse River Basin and the Falls Lake Watershed. Consistent with the provisions in North Carolina General Statutes §§77-119 through 77-121, the purposes of the Association include, but are not limited to: (a) providing a forum for sharing information in order to assist local governments in complying with State and Federal laws that pertain to the water quality in the Falls Lake Watershed; (b) providing a mechanism for participating local governments to coordinate and fund common technical resources; (c) planning

for and conducting water quality monitoring in the Falls Lake Watershed in coordination with the Department of Environment and Natural Resources; (d) coordinating with the Department of Environment and Natural Resources in the development of a transparent and accessible system for recording and maintaining nutrient offsets and credits that complies with any rules adopted to protect and restore water quality in the Falls Lake Watershed; (e) providing a public forum to review and discuss innovative approaches to restore, protect, and maintain water quality in the Falls Lake Watershed; (f) conducting and evaluating scientific research that describes or predicts conditions related to or affecting water quality in the Falls Lake Watershed, including the reservoir; and (g) providing a compliance group for participating local governments for the purpose of complying with the Joint Compliance Option as established in the Model Program for Existing Development Stormwater approved by the Environmental Management Commission.

In addition, the Association, as directed by its board of directors, may advocate on behalf of its members for changes in legislation, rules, or administrative policy related to or affecting the Falls Lake Watershed, may engage in other activities otherwise allowed by law that relate in any way to water quality and wastewater management in the Falls Lake Watershed, and may conduct and exercise all powers, rights and privileges granted to non-profit corporations under the Nonprofit Act; provided, however, that the Association shall not engage in any activity authorized by this provision that would jeopardize the federal income tax exemption of the Association under Section 501(c)(3) of the Internal Revenue Code.

2. The Association is organized and shall operate exclusively for the aforesaid purposes, and in connection therewith its scope of activities shall include accepting, buying, selling, owning, holding, operating, mortgaging, insuring, pledging, assigning, transferring or otherwise receiving or disposing of real and personal property; provided, however, that the Association shall not engage in any activity authorized by this provision that would jeopardize the federal income tax exemption of the Association under Section 501(c)(3) of the Internal Revenue Code.

3. The Board of Directors may authorize, amend or restate operating guidelines, plans, practices, procedures, and rules and regulations from time to time in order to effectively implement the purposes of the Association.

## **ARTICLE V – FINANCES**

The Association shall raise funds by the collection and receipt of membership dues, gifts of money and property, grants, contributions, donations, bequests, and receipts for services performed; provided, however, that all such funds must be accepted by the Board of Directors on behalf of the Association.

All funds collected and received by the Association, together with the income therefrom shall be deposited, held, retained, managed and conserved in a capital fund (or funds) and administered, used and applied by the Association in the sole discretion of the Board of Directors in accordance with the purposes described in Article IV of these Bylaws and the Articles and as provided in Article VI. The Board of Directors may accept revenues and properties that are qualified, conditioned, limited or restricted in their use; provided, however, that such qualifications, conditions, limitations and restrictions shall not conflict with the purposes of the Association set forth in these Bylaws and the Articles. Unless otherwise specifically required, such restricted revenues and/or property may be mingled with other funds of the Association.

Membership dues for services provided shall be determined as follows:

1. Dues. Members shall pay annually to the Association an amount in accordance with the current dues formula attached as Attachment A.
2. Dues Proration for New Members. New Members joining after July 1 of any year shall pay prorated dues for their first year of membership based on the number of quarters of such year in which they were a Member.
3. Dues Changes. The Board of Directors shall determine what, if any, changes shall be made in the dues formula effective as of July 1 during subsequent years. Any changes made to the dues schedule will be reflected in Attachment A.
4. Compliance Group Dues. Members participating in the Compliance Group shall pay annually to the Association an amount set by the Board of Directors to pay for the expenses anticipated to be incurred for administrative support of the Compliance Group Committee. Compliance Group Dues will be assessed using the dues formula in Attachment A, adjusted to include only the participating members.

Special assessments may be made for undertaking special initiatives or projects from time to time subject to approval of the Directors. No special assessment will be due and payable for 180 days unless it is approved unanimously by all of the Directors in attendance at a properly noticed and called meeting at which a quorum of the Directors is present. Any special assessment made for undertaking a Compliance Group project will be determined by the unanimous vote of all Compliance Group Directors (as defined below) participating in the Special Project and shall be due and payable as set forth in the approval of the special assessment. The budget for each Special Project shall include any funding necessary for the management of the project.

The fiscal year of the Association shall end on June 30 of each calendar year unless otherwise determined by the Board of Directors.

## **ARTICLE VI – APPLICATION AND USE OF FUNDS**

Revenues received by the Association shall be held in an account (or accounts) in the name of the Association in such location(s) as may be designated by the Board of Directors. The Association shall hold, manage, invest and reinvest its funds in accordance with the investment policies of the Association and shall collect and receive the income therefrom. After deducting all necessary expenses incident to the operation and administration of the Association, such funds shall be utilized in accordance with the purposes set forth in these Bylaws and the Articles. The Board of Directors may establish a committee of Directors for the purpose of supervising and managing investments. All such revenues received and held by the Association shall be distributed to such persons and in such amounts as the Board of Directors of the Association shall deem appropriate in keeping with the purposes of the Association.

The Association shall be solely responsible for the application and use of its assets, including payment of its expenses in accordance with such operating guidelines as may be established by the Board of Directors, and shall operate as an independent and autonomous entity for the purposes of meeting its financial obligations.

Notwithstanding any other provision of these Bylaws, no expenditure shall be made in any manner or for any purpose whatsoever that may jeopardize the status of the Association as an organization under Section 501(c)(3) of the Internal Revenue Code and the regulations thereunder.

## ARTICLE VII – BOARD OF DIRECTORS

7.1. General Powers. The business and affairs of the Association shall be managed under the direction of its Board of Directors, which is vested with the powers and authority to do and perform all acts and functions not inconsistent with law, the Articles and these Bylaws.

The Board of Directors shall be responsible for attainment of the objectives specified in the Articles and the Bylaws. Specifically, the Board of Directors shall be responsible for the governance, maintenance, operation, and conduct of the affairs of the Association, and the financial oversight of the Association, including, but not limited to, the preparation and implementation of an annual budget and a long-term capital expenditure plan.

In addition to its general management responsibilities, and without limitation, the Board of Directors shall perform the following specific duties:

- (a) establish annual organizational goals;
- (b) manage the Association's finances, including approving the annual budget and recommending an appropriate dues structure to the membership;
- (c) allocate the Association's resources;
- (d) approve programs and activities of the Association's committees, including any studies to be conducted by such committees, and provide oversight of such committees;
- (e) adopt organizational positions and-policy statements;
- (f) manage the Association's activities;
- (g) establish relationships with other organizations, provided, that such relationships shall be in the interest of the Association;
- (h) hire or contract with such persons, firms, or entities as the Directors may determine to provide services for or on behalf of the Association;
- (i) authorize participation in litigation to protect the Association's interests; provided, however, that the Association shall not initiate or join in any litigation as an amicus or in a similar capacity without the approval of 3/4 of the Directors in attendance at a properly noticed and called meeting at which a quorum of the Directors is present;
- (j) authorize participation in lobbying to protect the Association's interests; provided, however, that the Association shall not engage in any lobbying without the approval of 3/4 of the Directors in attendance at a properly noticed and called meeting at which a quorum of the

Directors is present; and

- (k) ensure orderly long-range planning for the organization.

7.2. Number, Tenure and Qualifications. The Board of Directors shall consist of one Director appointed by each Member as described below. In addition, each Member shall appoint one primary alternate and one secondary alternate. The primary alternate Director shall have full voting authority in the absence of the appointing Member's regular Director. The secondary alternate Director shall have full voting authority in the absence of both the appointing Member's regular Director and the appointing Member's primary alternate Director. Each Director shall serve for a three-year term until said Director's resignation, retirement, removal, disqualification or until said Director's successor is appointed and qualified.

7.3. Ex Officio Directors. The Soil and Water Districts located in whole or in part in the Falls Lake Watershed jointly shall designate an individual to serve as an ex officio director and another individual to serve as an alternate ex officio director. In addition, the Board of Directors may, by majority vote, create other ex officio director and ex officio alternate director seats. Ex officio directors may participate in all discussions held in open meetings but shall not have a vote on any matter. Ex officio directors shall not participate in closed sessions.

7.4 Annual Meeting. Annual meetings of the Board of Directors shall be held in the month of January each year, beginning in 2012, or at any reasonable time thereafter at the discretion of the Board of Directors, at a time and place to be determined by the Board of Directors, for the purpose of electing directors and for the transaction of such other business as may come before the meeting. The secretary shall give notice of each ratified resolution to any Director who was not present at the time it was adopted. No further notice of an annual meeting need be given.

7.5. Regular Meetings. Regular meetings of the Board of Directors shall be held at such times and places, within or without the State of North Carolina, as the Board of Directors may, by resolution, determine. The Secretary shall give notice of each ratified resolution to any Director who was not present at the time it was adopted. No further notice of a regular meeting need be given. All resolutions adopting regular meeting schedules shall be filed with the Secretary at least seven days before the first meeting held pursuant to the revised schedule pursuant to N.C. Gen. Stat. §143-318.12(a)(4). The schedule of regular meetings shall also be posted to the Association's website, if any, in accordance with N.C. Gen. Stat. §143-318.12(d).

7.6. Special and Emergency Meetings: Special and emergency meetings may be called in accordance with Article 33C, Chapter 143 of the North Carolina General Statutes.

7.7. Notice of Meetings. Except as set out in Section 7.5 above, no notice need be given of regular meetings of the Board of Directors. Notice of special and emergency meetings of the Board of Directors shall be given in accordance with Article 33C, Chapter 143 of the North Carolina General Statutes.

7.8. Quorum; Voting. A majority of the number of Directors presently comprising the Board of Directors shall constitute a quorum for the transaction of business at a meeting of such Board except as expressed in paragraph 8.8 Compliance Group Committee. If quorum is present when a vote is taken, the affirmative vote of a majority of the Directors present is the act of the Board of Directors unless these bylaws specifically require a supermajority vote. A Director who is present at a meeting of the Board of

Directors or a committee of the Board of Directors when corporate action is taken is deemed to have assented to the action taken unless that Director votes against the action taken or is excused from voting by the Board except as expressed in paragraph 8.8 Compliance Group Committee. The Board may excuse a Director from voting, but only upon questions involving the Director's own financial interest or official conduct or on matters on which the Director is prohibited from voting under G.S. 14-234.

7.9. Electronic Meetings. The Board of Directors may permit any or all Directors to participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all directors participating may simultaneously hear each other during the meeting in accordance with Article 33C, Chapter 143 of the North Carolina General Statutes.

7.10. Compensation. No director shall be entitled to any compensation for his services as a Director; provided, however, that a Director may be reimbursed for expenses incurred by him in performing services requested by the Board of Directors.

7.11. Removal; Vacancies. Any Director may be removed from office at any time, with or without cause, by the Member that appointed said Director. If a Member's membership interest is terminated pursuant to §9.7 of these Bylaws, then such termination shall also serve to remove any Director appointed by said Member from the Board of Directors.

## **ARTICLE VIII – COMMITTEES**

8.1. Board Committees. To assist the Board in its management, the Board may appoint Board committees and assign Directors thereto from among the Directors and shall designate the chairperson and vice chairperson of such committees from among such Directors except as expressed in paragraph 8.8 Compliance Group Committee. The Board may also appoint ex officio directors and non-directors to serve on Board Committees in a non-voting capacity.

8.2. Authority of Board Committees. To the extent specified by the Board of Directors and except as expressed in paragraph 8.8 Compliance Group Committee, each Board committee may exercise the authority of the Board of Directors, except that a Board committee may not: (i) approve or recommend to Members action that is required by law to be approved by Members; (ii) fill vacancies on the Board of Directors or on any of its committees; (iii) amend or restate the Articles; (iv) adopt, amend, or repeal these Bylaws; (v) adopt a plan of merger or consolidation with another corporation; (vi) elect, appoint or remove any member of any such committee or any Director or Officer of the Association; or (vii) take any other action prohibited by the Nonprofit Act. The creation of, delegation of authority to, or action by a Board committee does not alone constitute compliance by a Director with the standards of conduct required of a Director.

8.3. Tenure. Board committee members shall serve for one-year terms and may be reappointed without limitation.

8.4. Oversight. The Board of Directors shall ensure that Board committees perform in accordance with the basic goals of the Association and any specific goals and objectives approved by the Board of Directors for each Board committee and shall oversee Board committee utilization of resources.

8.5. Special Committees. In addition to Board committees, the Board of Directors, in its judgment, may create such special committees as will facilitate the efforts of the Association in achieving its basic

goals. The Board of Directors shall appoint the members of such special committees from among representatives of the Members or outside agencies and shall designate a chairperson and vice chairperson of each such special committee.

The Board of Directors may also establish one or more subcommittees of any special committee as necessary to further the goals of the Association. The Board of Directors may delegate the selection of subcommittee or special committee members to any such subcommittee or to the chairperson of a special committee.

8.6. Special Committee Programs and Reports. Upon request of the Board of Directors, each special committee shall submit to the Board of Directors following the annual meeting its program and agenda for the next year, and upon request shall report in writing on its activities, including any recommendations the special committee may have for the Board of Directors' consideration.

8.7. Committee Meetings; Miscellaneous. The provisions of these Bylaws governing meetings, action without meetings, notice and waiver of notice, and quorum and voting requirements of the Board of Directors shall apply with equal force to committees of directors and their members as well unless otherwise specified in the Bylaws for a specific committee.

8.8 Compliance Group Committee. Any local government that is an active Member in good standing of the Association ("Eligible Party") may join the Compliance Group Committee which shall administer the IAIA Program (see Attachment B). Any subsequent revisions to Attachment B require unanimous approval by the Compliance Group Committee.

Compliance Group Directors: The Directors who represent Members of the Association that have joined the Compliance Group of the Interim Alternative Implementation Approach (IAIA) for local governments subject to the Existing Development rule, 15A NCAC 2B .0278, "Compliance Group Participants" shall constitute the Compliance Group Committee of the Association and the Directors of those members will be referred to as the Compliance Group Directors. The Compliance Group Directors shall be responsible for making all decisions necessary to maintain compliance with the Joint Compliance Option Model Program for Existing Development Stormwater adopted by the Environmental Management Commission pursuant to rule, 15A NCAC 2B .0278, which is also referred to herein as the IAIA.

Duties and Responsibilities of the Committee: The Compliance Group Directors shall be responsible for attainment of the objectives specified for the Compliance Group, including governance, maintenance, operation, and conduct of the affairs of the Compliance Group. The initial allocation of the minimum annual financial investments by the Compliance Group Participants is shown Attachment B and will continue as shown in Attachment B, unless revised by a unanimous decision of all of the Compliance Group Directors. Participating jurisdictions must show that such expenditures occurred in an annual report to the Compliance Group Directors. To clarify, monies are not payable to the Association, except if so directed by a Special Assessment.

Quorum: A majority of the Compliance Group Directors shall constitute a quorum for the transaction of business at a meeting of the Compliance Group Committee.

Addition of New Members: If an Association Member in good standing, demonstrating current compliance with the Stage I Existing Development Rule in terms of annual expenditures that meet the requirements of the IAIA, seeks to join the Compliance Group Committee after the initial year, the

Member will make application in which the Member certifies its agreement to be bound by the terms of a revised Attachment B, which includes the applicant's membership in the Compliance Group Committee. The Chair of the Compliance Group Committee will notify existing IAIA Participants of a new participant request. The Chair will notify the Eligible Party applicant within thirty (30) days following the Compliance Group Committee's decision on whether to admit the new Compliance Group Committee Participant and of the new Participant's required investment commitment and dues, if applicable. Addition of a new Participant becomes effective upon the Compliance Group Committee's approval of the necessary changes to Attachment B, and the new Participant's payment of its initial investment and dues, as required.

Resignation: An IAIA Participant may resign from the Compliance Group upon one hundred twenty days' notice prior to submitting a written resignation to the Compliance Group Committee Chair, and the Executive Director. The resigning IAIA Participant is required to pay any outstanding dues for the fiscal year (July 1 through the following June 30) in which they notice their resignation. The resigning IAIA Participant is also required to complete any financial investment commitment made on projects undertaken through a special assessment as described in Article V.

Termination: The termination of the membership in the Association of any Member that is also an IAIA Participant, shall terminate participation in the Compliance Group Committee. Upon receipt of notification from DEQ of its final determination that a member of the Compliance Group Committee has failed to make the required annual showing of financial investments as set forth in Attachment B, membership in the Compliance Group shall be terminated.

## **ARTICLE IX – MEMBERSHIP**

9.1. General Membership Provisions. Any local government located in whole or in part within the Falls Lake Watershed may become a member of the Association ("Member") on the terms and conditions designated herein. For the purposes hereof, a "local government" means a county, city, town, or incorporated village that is located in whole or in part with the Falls Lake Watershed. Local government also includes any water or sewer authority that is created pursuant to Article 1 of Chapter 162A of the North Carolina General Statutes that provides service within the Falls Lake Watershed. Local governments that are members in good standing of the Upper Neuse River Basin Association, Inc. at the time of adoption of these By-laws shall remain members of the Association so long as they continue to meet the requirements of membership set out herein below.

9.2. Election of Members. Each candidate for membership shall make application on a form specified by the Board of Directors. All completed applications shall be considered by the Board of Directors at its next regular meeting following submission of the application. Approval of an application shall be granted by the Board of Directors to any local government located in whole or in part within the Falls Lake Watershed provided the local government requesting membership pays its initial dues as required herein. Membership shall become effective upon (i) payment of initial dues by the applicant in an amount established by the Board of Directors based on a formula or policy applicable to all Members, and (ii) a vote by the Board of Directors admitting such candidate which vote must be in the affirmative if the candidate is a local government located in whole or in part within the Falls Lake Watershed and the applicant pays its dues.

9.3. No Capital Stock. The Association shall have no issued or authorized shares of capital stock and no shareholders.

9.4. Voting Rights of Members. Members shall have voting rights as described in this paragraph. As stated elsewhere herein, each Member shall have the right to appoint one Director, one primary alternate Director, and one secondary alternate Director. The primary alternate Director shall have full voting authority only in the absence of the appointing Member's regular Director and the secondary alternate Director shall have full voting authority only in the absence of both the appointing Member's regular Director and primary alternate Director. All of a Member's rights to take part in the management of the Association shall be by and through its Director, primary alternate Director, or secondary alternate Director.

9.5. Obligations and Duties of Members.

- (a) Members shall pay their annual membership dues within sixty (60) days after statements are mailed by the Association.
- (b) Members shall adhere to the Bylaws and other rules and regulations as established from time to time by the Board of Directors, its committees, or other Members.
- (c) In the event that a Member is delinquent in the payment of any amounts owed, the Member shall be notified within sixty (60) days of the date of such delinquency. If the Member receives two (2) consecutive notices of delinquency and if payment has not been made by the third month after such amounts become due and payable, the membership status of such Member shall be terminated. Such termination of membership status shall not relieve the Member of its obligation to make all payments due before the date of the termination.

9.6. Resignation of Members. Any Member may resign at any time upon one hundred twenty days prior written notice by submitting a written resignation to any officer of the Association or Member of the Board of Directors. Such resignation shall relieve the Member so resigning from obligations to pay dues or make contributions accruing after the date of such resignation. Any resigning Member must satisfy all payment obligations arising before such resignation.

9.7. Termination of Membership. In addition to having its membership terminated for nonpayment of dues as set out above, a Member's membership in the Association shall also be terminated if the Member is no longer a local government located in whole or in part within the Falls Lake Watershed.

9.8. Restrictions on Transfer. Memberships in the Association and the Compliance Group are not transferable.

## ARTICLE X – OFFICERS

10.1. Number. The officers of the Association shall consist of a Chairperson, a Vice Chairperson, a Secretary, and a Treasurer. The Chairperson and Vice Chairperson shall be Directors. The Secretary and Treasurer may, but need not be, Directors. The offices of Secretary and Treasurer may be combined.

10.2. Election, Term of Office and Qualifications. Each Officer shall be elected by the Board of Directors and shall hold office until the annual meeting of the Board of Directors held next after such officer's election, or until such officer's successor shall have been duly chosen and qualified, or until death, or until such officer shall resign, or shall have been disqualified, or shall have been removed from office.

10.3. Removal. Any officer elected or appointed by the Board may be removed by the Board by a majority vote of the Directors present at a properly noticed and called meeting at which a quorum is present whenever in its judgment the best interest of the Association would be served thereby. New officers may be elected at the same meetings to fill the unexpired term of the removed officer.

10.4. Resignation. Any officer may resign at any time by giving written notice to the Board of Directors or to the Chairperson or the Secretary of the Association. Any such resignation shall take effect upon its being accepted by the Board of Directors.

10.5. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board of Directors, by a majority vote for the unexpired portion of the term.

10.6. Chairperson. The Chairperson shall preside at all meetings of the Board of Directors. The Chairperson shall enforce these By-laws and perform all duties incident to the office and which are required by law, and generally shall supervise and control the day-to-day business and affairs of the Corporation. The Chairperson shall perform whatever additional duties and have whatever additional powers the Board of Directors may from time to time assign.

10.7. Vice Chairperson. During the absence or incapacity of the Chairperson, the Vice Chairperson shall perform the duties of the Chairperson and when so acting shall have all the powers and be subject to all the responsibilities of the office of the Chairperson and shall perform such duties and functions as the Board of Directors may prescribe.

10.8. Secretary. The Secretary shall keep accurate records of the acts and proceedings of all Directors meetings and shall give all notices required by law and by these Bylaws. The Secretary shall have general charge of the corporate books and records, and of the corporate seal, and shall affix the corporate seal to any lawfully executed instrument requiring it. The Secretary shall have general charge of the books of the Association and shall keep at the registered or principle office of the Association a record of Directors signatures, and, in general, shall perform all duties incident to the office of Secretary and such other duties as may be assigned the Secretary from time to time by the Chairperson or the Board of Directors.

10.9. Treasurer. The Treasurer shall have custody of all funds and securities belonging to the Association and shall receive, deposit, or disburse the same under the direction of the Board of Directors. The Treasurer shall keep full and accurate accounts of the finances of the Association in books especially provided for that purpose; and shall cause a true statement of its assets and liabilities as of the close of each fiscal year and of the results of the operations and of changes in surplus for each fiscal year, all in reasonable detail, to be made and filed at the registered or principle office of the Association within four months after the end of such fiscal year. The statement so filed shall be kept available for inspection by any Director for a period of ten years; and the Treasurer shall mail or otherwise deliver a copy of the latest such statement to any Member upon such Member's written request. The Treasurer, in general, shall

perform all duties incident to the office of treasurer and such other duties as may be assigned to the Treasurer from time to time by the Chairperson or by the Board of Directors.

10.10. Executive Director. The Board of Directors may employ or contract for the services of an Executive Director. The Executive Director shall perform those administrative duties assigned to the Executive Director by the Board of Directors in a resolution appointing the Executive Director or in such other resolutions as the Board of Directors may adopt.

10.11. Duties of Officers May Be Delegated. In case of absence of any officer of the Association or for any other reason that the Board may deem sufficient, the Board may delegate the powers or duties of such officer to any other officer or to any Director for the time being, provided a majority of the entire Board of Directors concurs therein.

10.12. Bonds. Any or all officers and agents, respectively, shall, if required by the Board of Directors, give bonds for the faithful discharge of their duties in such sums and with such surety as the Board of Directors shall determine.

## **ARTICLE XI – CONTRACTS, LOANS, CHECKS AND DEPOSITS**

11.1. Contracts. The Board of Directors may authorize any officer or officers or agent or agents to enter into any contract or execute and deliver any instruments in the name and on behalf of the Association, and such authority may be general or confined to specific instances. Specific approval by the Board of Directors shall be required before any officer enters into any contract the total value of which is over \$10,000.00.

11.2. Loans. Except for loans that are incurred in the ordinary course of business, no loans shall be contracted on behalf of the Association and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or limited to specific instances.

11.3. Checks and Drafts. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association shall be signed by such officer(s) or agent(s) of the Association and, in such manner as shall from time to time be determined by resolution of the Board of Directors.

11.4. Deposits. All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association in such banks, trust companies or other depositories as the Board of Directors may select.

## **ARTICLE XII – INDEMNIFICATION**

In the event that the Association purchases directors and officers insurance or other similar insurance, the Association shall to the fullest extent permitted by the Nonprofit Act up to the limits of its insurance coverage indemnify all persons whom it may indemnify pursuant thereto so long as such persons have conducted themselves in good faith and reasonably believed their conduct not to be opposed to the Association's best interests.

The Association may purchase and maintain insurance on behalf of any person, who is or was a director, trustee, officer, employee or agent of the Association who, while a director, trustee, officer,

employee or agent of the Association is or was serving at the request of the Association as a director, trustee, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against liability asserted against or incurred by him or her in that capacity or arising from his or her status as such, whether or not the Association would have the power to indemnify him or her against the same liability under the Nonprofit Act.

### **ARTICLE XIII – AMENDMENTS**

These Bylaws may be amended or repealed, and new Bylaws may be made at any regular or special meeting of the Board of Directors by an affirmative majority vote of Directors then holding office.

### **ARTICLE XIV – MISCELLANEOUS**

14.1. Audit. The Association shall have an independent audit prepared detailing the financial condition of the Association at least once every three years. The Association may have an independent audit done more frequently as determined by the Directors.

14.2 Dissolution. The Association may be dissolved only by the vote of the majority of the Directors of the Association at a meeting to which due notice of such purpose has been given to the Directors. Upon the dissolution of the Association, the Board of Directors shall first pay or make provision for the payment of all the liabilities of the Association and then shall dispose of all the assets of the Association exclusively for the purposes of the Association in such manner or to such organization or organizations operated exclusively for charitable and educational purposes as the Board of Directors shall determine, and any such assets not so disposed of shall be remitted to the Members in proportion to their respective dues contribution percentages for the then current fiscal year, or, alternatively, each Member may direct that its portion be contributed and given to a 501(c)(3) organization for use in furthering the health, safety and welfare of the public in the Falls Lake Watershed, its jurisdiction, or North Carolina. None of the assets shall be disposed of or diverted to any other purpose, nor shall any asset be disposed of in such manner so as to accrue to the benefit of any Director of said Association.

14.3. Interpretation of By-laws. These By-laws shall be construed and interpreted under the laws of the State of North Carolina. Notwithstanding the foregoing, however, these By-laws shall at all times be construed and interpreted as consistent with all federal laws and regulations governing the activities of the Association and governing the tax exempt status of the Association, and in the event that these By-laws may be inconsistent with such laws and regulations, the same shall be deemed amended to comply therewith. Whenever used in these By-laws, unless the context otherwise indicates, a pronoun in the masculine gender shall include the feminine gender and the singular shall include the plural, and vice versa.

14.4 All other by-laws repealed and replaced. Upon adoption of these Bylaws by the association, all other bylaws of the Upper Neuse River Basin Association, Inc. are repealed and replaced.

## ATTACHMENT A – DUES FORMULA

A Member's dues, which shall be that Member's share of the total dues assessment for all Members which is included in the annual budget ("Total Annual Dues"), shall be determined as follows:

1. Base participation rate: Ten percent of the Total Annual Dues shall be allocated equally among all Members. For example, if there are ten Members and the Total Annual Dues are \$100,000.00, the base participation total will be \$10,000.00 and each Member will pay \$1,000.00 as its share.
2. Member's Falls Lake Watershed water demands. Fifty percent of the Total Annual Dues shall be allocated among those Members having water demand from the Falls Lake Watershed based upon each such Member's share of the total annual (365-day) daily average raw water demand for the preceding calendar year in millions of gallons per day from the Falls Lake Watershed. For example, if the Total Annual Dues are \$100,000.00 and the total water demand from the Falls Lake Watershed is 100,000,000 gallons per day and Member A used 60,000,000 gallons per day for the last year for which such records are available from the North Carolina Department of Environment and Natural Resources (the "Relevant Period"), Member B used 34,000,000 gallons per day during the Relevant Period; Member C used 4,000,000 gallons per day during the Relevant Period; and Member D used 2,000,000 gallons per day during the Relevant Period, then each Member's share of the Total Annual Dues based upon water demand would be as follows: Member A: \$30,000.00; Member B: \$17,000.00; Member C: \$2,000.00; and Member D: \$1,000.00.
3. Member's Proportion of Land Area in Falls Lake Watershed. Forty percent of the Total Annual Dues shall be allocated among those Members with land area in the Falls Lake Watershed within their corporate limits (for a municipality) or county limits (for a county). Each jurisdiction's contribution shall be based upon a fraction having as its numerator that jurisdiction's total acreage within the Falls Lake Watershed and as its denominator the total acreage in the Falls Lake Watershed. For example, if the Total Annual Dues are \$100,000.00 and Member A has 72,000 acres in the Falls Lake Watershed and there are a total of 494,000 acres in the Falls Lake Watershed, then that Member's share of the Total Annual Dues based upon proportion of land area in the Falls Lake Watershed would be as follows:  $\$5,829.96 [(72,000/494,000) * (.40 * \$100,000.00) = \$5,829.96]$ .

The examples above are given for the purpose of illustration only and are not intended to be indicative of the Total Annual Dues that may be required or of any individual Member's level of contribution. Members' contributions will be rounded to the nearest whole dollar.

**ATTACHMENT B –  
FINAL PROGRAM DOCUMENT: STAGE I EXISTING DEVELOPMENT (ED)  
INTERIM ALTERNATIVE IMPLEMENTATION APPROACH (IAIA)**

This will be inserted following approval of the document by the UNRBA Board.