

By-Laws of the Lower Neuse Basin Association, Inc.

(Revised 9/15/12)

Article I

Mission

Mission Statement: The mission of the corporation shall be to preserve the waters of the Lower Neuse Basin River through innovative and cost effective pollution reduction strategies by:

1. Forming a coalition of units of local government, public and private agencies, and other interested and affected communities, organizations, businesses, and individuals to secure and pool financial resources and expertise;
2. Collecting and analyzing information and data and developing, evaluating and implementing strategies to reduce, control, and manage pollutant discharge;
3. Providing accurate technical, management, regulatory, and legal recommendations regarding the implementation of strategies and appropriate effluent limitations on discharges into the Lower Neuse River Basin.
4. Interacting with the North Carolina General Assembly, the Environmental Management Commission, and other agencies and entities in developing and adopting policies, laws, and rules regarding: monitoring and managing water quality and wastewater discharges; developing effluent limitations and strategies for pollution management and reductions; and participating in legal and administrative procedures affecting policies, laws or rules, or otherwise affecting, directly or indirectly, the Corporation.

The Corporation will exclude from its permissible activities any political actions which would favor one party over another or one region over another. Furthermore, the Corporation will not participate in or intervene in any political campaign on behalf of any candidate.

It is the express purpose of the Corporation to engage in the above-listed activities only to the extent that such activities comport with the exemption from income tax provided by Section 501 (c) (3) of the Internal Revenue Code.

Article II

Definitions

For purposes of these By-Laws, the following terms and phrases shall have the respective meanings indicated for each:

- A. "**Corporation**" or "**Association**" shall mean the Lower Neuse Basin Association, Inc.
- B. "**Lower Neuse River Basin**" is the geographic area ultimately draining into the Neuse River below Falls Lake Dam into which publicly and privately owned sewage treatment plants discharge wastes.
- C. "**Units of Local Government**" shall include towns, cities, metropolitan sewerage districts, and counties within the Lower Neuse River Basin.
- D. "**Agencies, organizations, and businesses**" shall include both public and private agencies, organizations, and businesses.

Article III

Offices

Section 1. Principal Office: The location of the principal and other offices of the Corporation will be determined by the resolution of the Board of Directors.

Article IV

Membership

Section 1. Field of Membership: The Corporation shall be open to all units of local government in the Lower Neuse River Basin holding NPDES wastewater discharge permits and other public and private entities holding NPDES wastewater discharge permits for 1.0 million gallons per day or greater. Each corporate member shall have the authority to appoint one Director and one alternate to the Board of Directors.

Section 2. Termination of Membership: Corporate membership may be terminated voluntarily by a member with one hundred and eighty (180) days notice to the Board of Directors. Membership may be terminated involuntarily by majority vote of the Board of Directors for just cause including failure to pay Association dues. Termination of membership

shall be preceded by notice to the member not less than one hundred and eighty (180) days prior to effective date of termination.

Article V

Board of Directors

Section 1. General Powers: The business and affairs of the corporation shall be managed by the Board of Directors. In addition to the power and authority expressly conferred upon it by these By-Laws, the Board of Directors may exercise all powers of the Corporation and do all such acts and things not otherwise prohibited by law or Articles of Incorporation.

Section 2. Number and Appointment: The number of Directors constituting the Board of Directors shall be one (1) per full voting entity, with one (1) alternate in case of the Director's absence. The exact number of directors may be fixed by resolution of the Board of Directors from time to time. Each director shall hold office for a period of three (3) years or until his resignation, retirement, removal, disqualification, or his successor is appointed and qualified.

Section 3. Removal: Any director may be removed from office at any time, with or without cause, by the appointing authority.

Section 4. Regular Meetings: A regular annual meeting of the Board of Directors shall be at a date set by the directors. In addition, the Board of Directors shall hold semi-annual meetings and may establish additional regular meeting times. All such meetings shall be held at such times and places as the Board of Directors shall determine.

Section 5. Special Meetings: Special meetings of the Board may be called by the Executive Committee or any five or more directors not on the Executive Committee. The notice and vote by electronic response to a proposed action without a meeting of the directors is a special meeting for purposes of the standards for the call of a meeting. A decision to call a special meeting may be done by telephone or other electronic means. A special meeting shall be conducted the same as a regular meeting.

Section 6. Notice of Meeting: Notice of each meeting of the Board of Directors shall be in writing, shall state the place, day and hour of the meeting and, in the case of a special meeting, shall state the purpose or purposes for which such meeting is called. Each such notice shall be given in accordance with the State of North Carolina's open meetings law. All notices shall be delivered personally or sent by mail, electronic mail (e-mail), or facsimile to each director at his or her address as shown in the records of the Corporation. If such notice is given by mail, such

notice shall be deemed to have been given when deposited in the United States Mail, with first class postage thereon.

Section 7. Quorum: The presence of 50% or greater voting members of the Board in office immediately before a meeting begins shall constitute a quorum for the transaction of business by the Board of Directors; provided, that if less than a quorum of the directors shall be present at the time and place of any meeting, the directors present may adjourn the meeting from time to time until a quorum shall be present, and the notice of any adjourned meeting need not be given. Once a quorum is present at a meeting, the exiting or abstention of any director shall not remove such quorum and all business which otherwise could have been conducted at such meeting may continue to be conducted.

Section 8. Voting: Except as otherwise expressly provided by statute or by the Charter of the Corporation or by these By-laws, the action of a majority of the directors authorized to vote and present at a meeting at which a quorum is present shall be the action of the Board of Directors; provided that a supermajority of two-thirds (2/3) of the directors authorized to vote and present shall be required for expulsion of a member, amending these by-laws, or electing anyone other than a director as an officer. Each unit of local government, and public and private agency or corporation belonging to the Corporation shall be entitled to one (1) Director and one (1) vote on any matter coming before the Board of Directors of the Corporation.

Section 9. Resignation of Directors: Any director may resign at any time by giving notice thereof in writing to the Chairman or Secretary of the Corporation and the appointing authority. Such resignation shall take effect at the time specified by the Chairman or Secretary unless it shall be necessary to accept such resignation by its term before it becomes effective, in which event the resignation shall take effect upon its acceptance by the Board of Directors.

Section 10. Vacancies: In the event of any vacancy occurring in the Board of Directors due to death, resignation, removal, disqualification or otherwise, the remaining directors shall continue to act, and such vacancy shall be filled as soon as is practical by appointment in accordance with the manner in which the vacating Director obtained office. Any director so chosen shall hold office for the unexpired portion of the term of the person whom the newly appointed director succeeds and until his successor shall have been appointed and qualified, or until his death, or until he shall resign, be removed or shall become disqualified.

Section 11. Compensation of Directors: Directors shall not receive any compensation for their services as such.

Section 12. Action Without Meeting: Any action required or permitted by the By-Laws to be taken by the Board at an annual, regular, or special meeting may be taken without a meeting. Notice of the proposed action and the reasons for taking action without a meeting must be sent to all directors at least 15 days in advance of the proposed action. A second notice shall be provided to any director who has not responded within 10 days following the first notice. Unless a director objects in writing to taking action without a meeting or the majority of the quorum required for the proposed action does not consent in writing by the 15th day following the notice, the proposed action will be deemed to be approved.

Section 13. Participation by Telecommunication: Any or all directors may participate in a meeting of the Board of Directors by means of communication by which all directors participating may simultaneously hear each other during the meeting.

Article VI

Officers

Section 1. Number of Officers: The officers of the Corporation shall consist of a President, a Vice President, a Secretary, and a Treasurer. The same individual may simultaneously hold more than one (1) office in the Corporation, but no individual may act in more than one (1) capacity where action of two (2) or more officers is required. The President and Vice President of the Corporation may hold simultaneously the same office in the Neuse River Compliance Association, provided that such person represents the same member in both associations. The Board of Directors may, from time to time, create and establish the duties of such other officers as it deems necessary for the efficient management of the Corporation.

Section 2. Election and Term: All officers shall be elected by the Board of Directors at the annual meetings of the board. Each officer shall serve a term of two (2) years, running concurrently with the fiscal year of the Corporation (or until their successors shall have been duly elected or qualified).

Section 3. Compensation: The officers of the Corporation shall not receive any compensation for their services as such.

Section 4. Removal: Any officer or agent elected or appointed by the Board of Directors may be removed, with or without cause, by a majority vote of the entire Board of Directors at any meeting with respect to which due notice of such purpose has been given to the Directors.

Section 5. Chairperson: The Chairperson shall preside at all meetings of the Board of Directors. The Chairperson shall cause to be called special meetings of the Board of Directors in accordance with the requirements of these By-Laws. 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.

Section 6. 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 Chairperson and shall perform such duties and functions as the Board of Directors may prescribe.

Section 7. Secretary: The Secretary shall keep accurate records of the acts and proceedings of all meetings of directors and committees of directors. The Secretary shall have the authority to give all notices required by law or these By-laws. The Secretary shall be custodian of the corporate books, records, contracts, and other documents. The Secretary may affix the Corporate seal to any lawfully executed documents requiring it and shall sign such instruments as may require a signature. The Secretary shall perform whatever additional duties and have whatever additional powers the Board of Directors may from time to time assign. The Secretary may delegate certain administrative responsibilities to employees or staff members but may not relieve himself/herself of liability as an officer of the Corporation.

Section 8. Treasurer: The Treasurer shall have custody of all funds and securities belonging to the Corporation and shall receive, deposit, and disburse the same under the direction of the Board of Directors pursuant to a duly adopted corporate resolution. The Treasurer shall keep full and true accounts of all receipts and disbursements and shall make such reports of the same to the Board of Directors. The Treasurer shall perform whatever additional duties and have whatever additional powers the Board of Directors may from time to time assign.

Section 9. Executive Director: The Board of Directors may, when deemed necessary, employ an Executive Director who shall be the chief administrative official of the Corporation. The Executive Director would be responsible for the administration of the Corporation affairs placed in the Executive Director's charge under these By-laws or by resolution adopted by the Board of Directors.

Section 10. Bonds: The Board of Directors may by resolution require any or all of the officers, agents, or employees of the Corporation to give bonds to the Corporation with sufficient surety or sureties, conditioned on the faithful performance of the duties of their respective offices or

positions, and to comply with such other conditions as may from time to time be required by the Board of Directors.

Article VII

Affiliate Organizations

Section 1. General Powers: Affiliate organizations are not voting entities in the Association.

Section 2. Number and Appointment: The Board of Directors shall appoint outside organizations to be affiliate organizations but not voting members, from time to time and as it deems necessary.

Section 3. Removal of Affiliate: The Board of Directors may remove any organization as an affiliate organization at any time, with or without cause.

Section 4. Compensation: Affiliate organizations of the association shall not receive any compensation for their services as such.

Article VIII

Contracts, Checks, and Deposits

Section 1. Contracts: The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract, lease, or to execute and deliver any instrument on behalf of the Corporation, and such authority may be general or confined to specific instances. The Board of Directors may enter into employment contracts for any length of time it deems appropriate.

Section 2. Check and Drafts: All notes, drafts, acceptances, checks and endorsements or other evidence of indebtedness shall be signed by the President or the Vice President and by the Secretary or the Treasurer, or in such other manner as the Board from time to time may determine. Endorsements for deposits to the credit of the Association in any of its duly authorized depositories will be made by the President or Treasurer or by any officer or agent who may be designated by resolution of the Board in such a manner as such resolution may provide.

[The following policy or procedure was adopted May 3, 2012]

The Board hereby determines that any note, draft, acceptance, check and endorsement for an amount of \$10,000.00 or less may be signed by only the Secretary or Treasurer upon receiving written approval from any one of the other three officers.

Section 3. Deposits: All funds of the Corporation not otherwise employed from time to time shall be deposited to the credit of the Corporation in such depositories as the Board of Directors shall direct.

Article IX

Property

Section 1. Corporate Property: Any sale or any transfer of stock, bond, security or any other property standing in the name of the Corporation shall be valid only if signed by the Corporation acting through any two officers, acting pursuant to authority given by the resolution of the Board of Directors.

Article X

Amendment

These By-laws may be amended, altered, or repealed, in whole or in part, by an affirmative majority vote of two-thirds (2/3) of the Directors authorized to vote and present at a meeting (provided a quorum is present); provided however that at least ten (10) days notice in writing shall be given of the intention to amend the By-Laws at such meeting, and such notice shall contain or be accompanied by a copy or summary of the amendment or state the general nature of the proposed amendment.

Article XI

Miscellaneous

Section 1. Inspection of Books and Records: The Board of Directors shall have the power to determine which accounts, books, and records of the Corporation shall be open to the inspection and shall have power to fix reasonable rules and regulations, not in conflict with applicable law, for the inspection of such accounts, books and records, concerning such rights of inspection.

Section 2. Fiscal Year: The Board of Directors is authorized to fix the fiscal year of the

Corporation and to change from time to time as it deems appropriate.

Section 3. Seal: The Corporate seal shall be in such form as the Board of Directors may from time to time determine.

Section 4. Officer or Director Indemnification: Each person who was or is a party or is threatened to be a party to or is involved in any action, suit, or proceeding, whether civil, criminal, or administrative (hereinafter, a "proceeding") by reason that he is or was a director or officer of the Association, where the basis of such proceeding is alleged action in an official capacity as a director or officer, shall be indemnified and held harmless by the Association to the fullest extent of the insurance coverage purchased by the Association against all expense, liability and loss (including attorney's fees, judgments, fines, excise tax or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such Person in connection therewith, and such indemnifications shall continue as to a person who has ceased to serve in the capacity that initially entitled such person to indemnification hereunder. The Association shall indemnify a person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board. The Association shall indemnify a person only if such person's actions or omissions at issue in the action complied with all obligations under the By-Laws.

Section 5. Notice to Members: If the Association indemnifies or advances expenses to an officer or director in connection with a proceeding by or in the right of the Association, the Association shall give notice of the indemnification or advance in writing to the members with or before the notice of the next meeting of members.

Section 6. Insurance: The Association may maintain insurance, at its expense, to protect itself and any Person who is or was serving as a director, officer, employee, or agent of the Association.

Section 7. Dissolution: The Corporation may be dissolved only by the vote of the majority of the Directors of the Corporation at a meeting to which due notice of such purpose has been given to the Directors. Upon dissolution of the Corporation, no director, officer, incorporator, or employee of the Corporation shall be entitled to any distribution or division of its remaining property or proceeds, and the balance of any money and other property received by the Corporation from any source, after the payment of all debts and obligations of the Corporation, shall be distributed to one or more organizations which qualify for exemption from income tax under Section 501 (c) (3) of the Internal Revenue Code (or the corresponding provision of any future federal tax law), such distribution to be made to the extent practicable in a manner which benefits such organizations.

Section 8. 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 Corporation and governing the tax exempt status of the corporation, 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.