Attachment 12

Association Bylaws

BYLAWS

OF

SOUTH EASTERN WATER ASSOCIATION, INC.

(As Revised July 10, 2025)

ARTICLE ONE

NAME

The name of the Association is the South Eastern Water Association, Inc. (the "Association").

ARTICLE TWO

LOCATION OF PRINCIPAL OFFICE

The principal office of the Association shall be located at 6615 Highway 914, Somerset, Kentucky 42501, but the Association may maintain offices and places of business at such other places as may be designated, from time to time, by the Board of Directors of the Association.

ARTICLE THREE

GENERAL PURPOSES AND POWERS

The purposes for which the Association was formed, and the powers which it may exercise, are set forth in the Articles of Incorporation of the Association.

ARTICLE FOUR

SEAL

Section 4.1 Inscription. The seal of the Association shall have inscribed thereon: "South Eastern Water Association, Inc., State of Kentucky, and corporate seal."

Section 4.2 Custody. The General Manager of the Association shall have custody of the seal and shall make it available, when necessary, to the Secretary of the Board of Directors.

Section 4.3 Use of Seal. The seal may be used by causing it or a facsimile thereof to be impressed, affixed, or reproduced on official corporate documents.

ARTICLE FIVE
MEMBERSHIP

Section 5.1. Eligibility. Any person who desires to obtain water service from the Association is eligible to become a member of the Association. However, such membership is dependent upon the Association's water distribution system being reasonably capable of providing water service at the perspective member's desired location. No person may receive water service from the Association without becoming a member.

Section 5.2. Membership Requirements. Any person who desires to become a member of the Association shall complete and sign a membership application, pay the membership fee, sign a Water User Agreement, and sign such other documents as may be provided and required by the Association.

Section 5.3. Membership Fee. The current non-refundable membership fee is $10.00. The Board of Directors may, from time to time, adjust the amount of the membership fee.

Section 5.4. Evidence of Membership. From and after the adoption of these revised Bylaws, members shall no longer be issued membership certificates. Membership in the Association shall be evidenced by the official records of the Association.

Section 5.5. Joint Membership. A membership issued to either spouse of a married couple is deemed to be a joint membership with survivorship. Upon the death of either spouse, the membership shall be held solely by the surviving spouse. The presence of either or both of the spouses at a membership meeting shall be regarded as the presence of only one member. The vote, either in person or proxy, by either spouse or both spouses, shall constitute only one vote.

Section 5.6. Inactive Status. A member who no longer has an active account with the Association shall be deemed to be an "Inactive Member." Inactive members shall not have any voting rights. An inactive member may return to active status upon activating an account with the Association to receive water service.

Section 5.7. Membership Records. The Association shall maintain an accurate record of all members of the Association, including those members deemed to be Inactive Members.

ARTICLE SIX
BENEFITS AND DUTIES OF MEMBERS

Section 6.1. Benefits. Each active member shall be entitled: (a) to obtain water service from the Association; (b) to receive notice, as described in these Bylaws, of all Annual Membership Meetings and Special Membership Meetings; (c) to attend all meetings of the Association; (d) to attend meetings of the Board of Directors; (e) to vote in person or by proxy for candidates seeking the office of director; (f) to file a petition seeking to be placed on the ballot for director; and (g) to receive such other benefits and privileges as may be afforded members by the Association.

Section 6.2. Duties. Each member shall be required: (a) to timely pay for water service; (b) to timely pay such other charges that may be incurred by the

member; and (c) to comply with all rules and regulations duly adopted by the Board of Directors and approved by the Kentucky Public Service Commission.

ARTICLE SEVEN

MEETINGS OF MEMBERS

Section 7.1. Annual Meeting. The Annual Meeting of the members of the Association, which is also known as the Annual Membership Meeting, shall be held on the second Monday of April of each year at 7:30 p.m., prevailing time, at the office of the Association; PROVIDED, HOWEVER, the Board of Directors may change the date, time, or place of the Annual Meeting if it takes action on or before December 31 of the calendar year preceding the Annual Meeting.

Section 7.2. Special Meetings. Special meetings of the members of the Association may be called by the President, a majority of the Board of Directors, or by a petition signed by members having at least 10 percent (10%) of the votes entitled to be cast at such meeting.

Section 7.3. Notice. Notice of meetings of the members of the Association shall be given by mailing a notice to each active member of record, directed to the address shown upon the books of the Association, at least ten (10) days and no more than 35 days prior to the meeting; PROVIDED, HOWEVER, that no notice of the Annual Membership meeting shall be required if it is held on the same date, time, and place as specified in these Bylaws. The meeting notice shall state the date, time, place and purpose of the meeting, and may be included on the Association's bills for water service, but no failure or irregularity of notice of any Annual Meeting, regularly held, shall affect any action taken at the Annual Meeting.

Section 7.4. Quorum. The members present at any membership meeting shall constitute a quorum for the transaction of business.

Section 7.5. Voting. The voting rights of the members of the Association shall be equal. Each active member shall have one vote. Members with more than one water meter shall be limited to one vote. Since a married couple holds a joint membership, the vote by either spouse shall constitute the one vote for which the married couple is entitled.

Section 7.6. Proxy Voting. Members may vote by proxy or in person at a designated time during the Annual Meeting. The Association shall make available in its office official proxy forms and printed instructions by January 15 of each year in advance of the Annual Membership Meeting. The proxy shall designate the President of the Association, if present, and if not present, the Secretary of the Association, as proxy, substitute, and Attorney-in-Fact for said member at the Annual Meeting. The proxy must be signed by the member as the member's name appears on the records of the Association. The Vice-President shall be designated as proxy when the President or Secretary is a candidate for director. The proxy shall contain simple instructions to enable a member to vote for one or more candidates whose names are listed on the proxy. All names and signatures shall be as they appear on the records of the Association. Proxies shall be received at the Association's office no later than five (5) business days before the Annual Membership Meeting.

Section 7.7. Order of Business. The order of business at the Annual Meeting and, as far as possible, at all other membership meetings shall be:

1. Call to order and proof of quorum
2. Proof of notice of meeting
3. Reading and action on any unapproved minutes
4. Reports of officers and committees
5. Election of directors
6. Unfinished business
7. New business

8. Comments from the membership
9. Adjournment

ARTICLE EIGHT

VOTING

Unless otherwise required by law or these Bylaws, a simple majority of those voting shall determine the outcome of the matter voted upon.

ARTICLE NINE

NEPOTISM

Section 9.1. Policy. The employment of relatives can cause various problems including, but not limited to, charges of favoritism, conflict of interest, and family discord that may work to the disadvantage of both the Association and its employees.

Section 9.2. Disclosure. Before an individual is hired or a member seeks to become a director, by election or appointment, the job applicant or the member seeking to become a director shall disclose any family relationship with other current or past Association employees or directors.

Section 9.3. Definition. The term "Immediate Family Member," for the purpose of determining whether nepotism exists, shall include the spouse, child, step-child, parent, step-parent, brother, sister, father-in-law, mother-in-law, brother-in-law, sister-in-law, or any individual claimed as a dependent for tax purposes.

Section 9.4. Prohibitions.

A. No person may be employed by the Association if the person is an Immediate Family Member of a director or employee of the Association;

B. No person shall be eligible for election or appointment as a director of the Association if the person is an Immediate Family Member of a current employee of the Association or an

Immediate Family Member of an individual who was an employee of the Association during any portion of the immediate past six (6) months; and

C. This prohibition shall not apply to any person who is an employee or director of the Association at the time these Bylaws are adopted by the Board of Directors.

ARTICLE TEN

BOARD OF DIRECTORS

Section 10.1. General Powers. All corporate powers of the Association shall be exercised by, or under the authority of, its Board of Directors (the "Board"). The business and affairs of the Association shall be managed under the direction of the Board.

Section 10.2. Number. The Board shall be comprised of five (5) to eight (8) directors; the exact number to be decided by the Board. PROVIDED, that at least one director, and no more than two directors, from each of the following areas serves on the Board each year: the Elihu Rush Branch area; the Barnesburg area; the Tateville area; and the Nelson Valley area. A map depicting the location of each of these areas shall be maintained in the offices of the Association. The map maintained by the Association shall be the instrument by which all determinations concerning in which area any member resides shall be made by the Association. The Board shall determine the number of directors required for optimal operation of the Association by October 30 of the calendar year preceding the Annual Meeting and shall post notification of the number of directors required for the following year and any vacancy on its website no later than November 1 of the calendar year preceding the Annual Meeting.

Section 10.3. Term. The directors shall be elected for a term of four (4) years with the terms staggered so that approximately one-third of the directors will be elected each year at the Annual Membership Meeting. A director shall continue in office until his or her respective successor is elected and qualified. A director may succeed himself or herself in office.

Section 10.4. Current Directors. The current members of the Board of Directors and the expiration date of each director's term are as follows:

Name	District	Term Expires
Joe D. Crawford, President	Nelson Valley	4/15/2026
Grant Treado, Vice President	Elihu Rush	4/15/2027
Mark Davis, Secretary/Treasurer	Tateville	4/15/2026
Dwight Faulkner	Elihu Rush	4/15/2026
Dennis Faulkner	Barnesburg	4/15/2027
Wade Bumgardner	Barnesburg	4/15/2029
Bobby Crow	Nelson Valley	4/15/2029
VACANT		

Section 10.5. Eligibility. To be eligible to be elected or to serve as a director of the Association, a person shall:

A. Be a member in good standing of the Association;

B. Be at least 21 years of age;

C. Be a customer of the Association's service area;

D. Not be a current employee of the Association or have been employed by the Association for any portion of the immediate past six (6) months. (For the purpose of this section an employee is defined as a person who has received an IRS W-2 Form from the Association);

E. Comply with the Association's Nepotism Policy set forth in Article Nine of these Bylaws;

F. Be a citizen of the United States of America;

G. Pass a criminal background check;

H. Pass a drug test;

I. Be willing to promote and safeguard the Association's best interests;

J. Not be employed by, or in any way financially interested in, a firm that does business with the Association;

K. Be able to attend regular and special meetings of the Board;

L. Present a qualified Nominating Petition, as defined in Section 10.6, unless the person is an incumbent director seeking re-election;

M. No more than three candidates will be allowed to run for one elected position; if more than three candidates qualify to run for the same elected position, the candidates for election will be determined in this order: (1) any incumbent for the position shall be a candidate; and (2) additional candidates for the position will be determined by the order of the dates on which the Nominating Petitions were received in the Association's office; and

N. A nominating committee consisting of three (3) members who are not directors and have not filed a Nominating Petition seeking to be elected as a director, shall be appointed by the Board of Directors when needed.

Section 10.6. Nominating Petition. In order for a Nominating Petition to be deemed to be a "qualified" Nominating Petition, it shall comply with the following rules:

A. Only official Nominating Petition forms provided by the Association and available at the Association's office can be used. A Nominating Petition which is not on the official form will not be deemed to be a "qualified" Nominating Petition and will not be considered;

B. Shall have at least 500 member signatures;

C. Only one signature per household shall be deemed to be a valid signature. Additional signatures from the same household shall not be counted;

D. Signatures shall be collected no earlier than November 1 of the calendar year preceding the Annual Meeting and no later than the January Board of Directors meeting; and

E. The Nominating Petition must be submitted to the Association's office on or before the January Board of Directors meeting.

Section 10.7. Organizational Meeting. The Board of Directors shall meet within ten (10) days after the Annual Membership Meeting for the purpose of electing officers.

Section 10.8. Regular Meetings. The Board of Directors shall establish a schedule for holding Regular meetings. Regular meetings may be held at such date, time, place, and frequency as decided by the Board. No notice of any Regular meeting shall be required.

Section 10.9. Special Meetings. Special meetings of the Board of Directors may be called at any time by the President or any two (2) directors on not less than 24 hours notice prior to the proposed Special meeting.

Section 10.10. Notice. Notice of a Special meeting of the Board of Directors shall be given to members of the Board of Directors via e-mail, telephone, facsimile, in person, or by mail (if time permits) not less than 24 hours prior to the proposed

Special meeting. Any director may waive any notice required to be given under these Bylaws. Attendance of a director at any meeting shall constitute a waiver of notice of such meeting. Any meeting at which all directors are present shall be deemed to be a legal meeting regardless of whether notice was given or a waiver of notice executed.

Section 10.11. Quorum. A simple majority of the Board of Directors currently serving the Association shall constitute a quorum at any meeting of the Board.

Section 10.12. Compensation. Compensation of directors, which may include insurance benefits, may be fixed at any Regular or Special meeting of the Board. Directors shall also receive advancement or reimbursement of any travel and out-of-pocket expenses actually, necessarily, and reasonably incurred in performing their duties. No director shall receive compensation for serving the Association in any other capacity unless the service of such director is temporary and shall be specifically authorized by a vote of the members upon their determination that such was an emergency measure. A director who is also an officer of the Board, and who as such performs regular or periodic duties of a substantial nature for the Association in its fiscal affairs, may be compensated in an amount fixed and authorized by the Board in advance of such service.

Section 10.13. Removal. A director may be removed from office for cause by utilizing the procedure set forth in this section. Any member or director may present charges against a director by filing the charges in writing with the Secretary of the Association. If presented by a member, the charges must be accompanied by a petition signed by ten percent (10 %) percent of the members of the Association. If presented by a director, no such petition shall be required. Such removal shall be

voted on at the next Annual or Special meeting of the members and shall be effective if approved by a vote of a majority of the members present at the meeting. The director against whom such charges have been presented shall be informed, in writing, of such charges at least 20 days prior to the meeting. The director shall have the opportunity at such meeting to be heard in person or by counsel and to present and cross-examine witnesses. The person or persons presenting such charges against the director shall have the same opportunity. If the removal of a director is approved, such action shall also vacate any office in the Association held by the director.

Section 10.14. Vacancies. If the office of a director becomes vacant by reason of death, resignation, retirement, disqualification, removal from office as provided in Section 10.13 of these Bylaws, or otherwise, a majority of the remaining directors, though not less than a quorum, may appoint a successor director who shall hold office until the next Annual Meeting of the members of the Association. At that time, the members shall elect a director to serve for the balance of the unexpired term.

ARTICLE ELEVEN
DUTIES OF DIRECTORS

Section 11.1. General Duties. Except for those powers specifically reserved for the members of the Association by law, the Articles of Incorporation, or these Bylaws, the Board of Directors shall exercise all of the powers of the Association.

Section 11.2. Specific Duties. In addition to, but not in limitation of, the general powers vested in the Board of Directors, the Board of Directors shall be empowered to:

A. Acquire, construct, and operate a water distribution system;

B. Select, appoint, or remove all officers, agents, or employees of the Association, including a General Manager, who shall be the Chief Operating Officer of the Association, and who shall not be required to be a member of the Association, to prescribe their duties; and to fix their compensation;

C. Adopt policies for the Association and oversee implementation of policies;

D. Adopt resolutions;

E. Adopt and amend budgets;

F. Exercise oversight;

G. Borrow from any source, money, goods, or services; to make and issue notes and other negotiable and transferable instruments, mortgages, deeds of trust, and trust agreements; and to do every act and thing necessary to effectuate the same;

H. Prescribe, adopt, and amend, from time to time, such equitable and uniform rules and regulations as may be deemed essential or convenient for the conduct of the business and affairs of the Association and the guidance and control of its officers and employees; and to prescribe adequate penalties for the breach thereof;

I. Order, at least once each year, an audit of the books and accounts of the Association by a qualified independent auditor or certified public accountant. The report prepared by such auditor or accountant shall be submitted to the members of the Association at their annual meeting;

J. Adopt and, from time to time, amend a schedule of rates, charges, rules, and regulations (Tariff), subject to approval by the Kentucky Public Service Commission, for water services rendered by the Association;

K. Approve the standard form Water User Agreement to be signed by members desiring water service;

L. Approve the standard form Easement to be signed by property owners who grant the Association a right-of-way easement to install water lines and other facilities;

M. Require all officers, agents, and employees charged with responsibility for the custody of any of the funds of the Association to execute adequate bonds, with the cost thereof to be paid by the Association;

N. Select one or more banks to act as depositories of the funds of the Association and to determine the manner of receiving, depositing and disbursing of funds of the Association and the form of checks and the person or persons by whom the same shall be signed. The Board shall have the power to change such banks and the person or persons signing such checks and the form thereof at will;

O. Establish all permanent committees and appoint the members thereof; and

P. Adopt and approve changes to Bylaws.

ARTICLE TWELVE

OFFICERS

Section 12.1. Offices. The offices of the Association shall be: President; Vice-President; Secretary; and Treasurer. The offices of Secretary and Treasurer may be held by the same person.

Section 12.2. Term. The term of each office shall be one (1) year. Officers shall be eligible for re-election to the same office, except the President shall not serve more than six (6) consecutive years.

Section 12.3. President. The President shall be the Chief Executive Officer of the Board. The President shall preside over all meetings of the Board, shall call special meetings, and shall exercise general supervision and control over the business of the Association, subject to the direction of the Board. The President may appoint committees as needed, either ad hoc or permanent, and shall be an ex-officio member of all committees. A permanent committee shall require the approval of the Board prior to its establishment. The President shall set the agenda of all meetings

and see that all orders, resolutions, and policies of the Association are executed. The President shall also perform such other duties as may be delegated to him by the Board.

Section 12.4. Vice-President. The Vice-President shall assist the President and shall assume the duties of the President in his absence. The Vice-President shall temporarily succeed to the office of President if for any reason the President is unable to fulfill his duties or vacates the office of President. In such event, the Vice-President shall serve as President until a special election is held by the Board. The Vice-President shall also perform such other duties as may be delegated to him by the Board.

Section 12.5. Secretary. The Secretary shall keep a record of all meetings and proceedings of the Board and shall be the custodian of all official correspondence and other official Association records. The Secretary shall be responsible for preparing and distributing all notices required by statute, Bylaws, or resolution. The Secretary shall certify any resolutions or other documents requiring certification. The Secretary shall also perform such other duties as may be delegated to him by the Board. Upon the election of his successor, the Secretary shall deliver to his successor all books, records, and other property belonging to the Association that he may have in his possession.

Section 12.6. Treasurer. The Treasurer shall be the lawful custodian of all funds of the Association and shall cause same to be paid out on orders authorized or approved by the Board. The Board may require the Treasurer to execute a bond to the Association in such sum and with such surety as determined by the Board. The Treasurer shall make financial reports periodically to the Board. The Treasurer shall also perform such other duties as may be delegated to him by the Board.

Section 12.7. Removal. An officer of the Board may be removed from office for cause, including, but not limited to, misfeasance or malfeasance in office, failure to perform the duties of the office, failure to comply with the rules, regulations, policies, or Bylaws of the Association, or failure to regularly attend meetings (defined as missing three consecutive regular meetings). Removal for cause by the Board shall require an affirmative vote by a simple majority of the directors then serving the Association.

ARTICLE THIRTEEN
CONDUCT OF MEETINGS

All meetings of the Board shall be conducted according to the rules of parliamentary procedure as contained in the current edition of **Robert's Rules of Order Newly Revised** in all cases to which they are applicable and in which they are not inconsistent with these Bylaws.

ARTICLE FOURTEEN
COMMITTEES

Pursuant to the provisions of KRS 273.221, the Board of Directors may establish permanent committees and appoint the members thereof.

ARTICLE FIFTEEN
CONFLICT OF INTEREST TRANSACTIONS

All directors shall avoid conflict of interest transactions with the Association. To the extent applicable, the Association adopts the Conflict of Interest definition and provisions contained in KRS 273.219.

ARTICLE SIXTEEN

GENERAL STANDARDS FOR DIRECTORS

To the extent applicable, the Association adopts the General Standards for Directors contained in KRS 273.215 as the minimum standard of conduct for its directors.

ARTICLE SEVENTEEN

ACCESS TO BOOKS AND RECORDS

Pursuant to the provisions of KRS 273.233, all books and records, unless protected by privacy laws, of the Association may be inspected and copied by any member of the Association, or the member's agent or attorney, for any proper purpose at any reasonable time. The Board of Directors may adopt reasonable rules and policies concerning access to the Association's books and records.

ARTICLE EIGHTEEN

POWER TO ACCEPT DONATIONS

The Board of Directors shall have the power and authority to accept donations made to the Association for the furtherance of its purposes; PROVIDED, HOWEVER, that the Board of Directors may reject any donation made upon a condition or restriction if the Board of Directors determines that the donation, so conditioned or restricted, will not be in the best interest of the Association.

ARTICLE NINETEEN

RESTRICTIONS ON DISTRIBUTION OF EARNINGS

No part of the net earnings of the Association shall inure to the benefit of any member or director of the Association, except directors may be reasonably compensated for their services.

ARTICLE TWENTY
INDEMNIFICATION

To the fullest extent permitted by law, including KRS 273.248, the Association shall indemnify each of its directors and officers against all costs, expenses and liability actually and reasonably incurred by him in connection with the defense of any action, suit or proceeding, civil or criminal, in which he is made, or threatened to be made, a party by reason of being or having been such director or officer.

ARTICLE TWENTY-ONE
FISCAL YEAR

The fiscal year of the Association shall begin on the first day of January in each year and end on the last day of December.

ARTICLE TWENTY-TWO
AMENDMENTS

These Bylaws may be repealed or amended by a simple majority vote of the entire Board of Directors serving the Association at the time at any Regular meeting of the Board or at any Special meeting of the Board called for that purpose, except that the directors shall not have the power to change the purposes of the Association so as to decrease its rights and powers under the laws of the Commonwealth of Kentucky or to deprive any member of rights and privileges then existing. Notice of any amendments to be made at a Special meeting of the Board must be given at least ten (10) days before such meeting and must set forth the amendments to be considered.

ARTICLE TWENTY-THREE
ACTION WITHOUT MEETING

Any action required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all the directors.

ARTICLE TWENTY-FOUR
WAIVER OF NOTICE

Unless otherwise provided by law, whenever any notice is required to be given to any member or director of the Association under the provisions of Kentucky law, the Articles of Incorporation, or these Bylaws, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE TWENTY-FIVE
KENTUCKY LAW INCORPORATED BY REFERENCE

All applicable Kentucky Revised Statutes which now or may hereafter exist are incorporated herein by reference and made a part of these Bylaws. The Board may use any powers contained therein in addition to those herein set out. Any provision contained in these Bylaws which is in conflict with the Kentucky Revised Statutes is null and void. The remainder of these Bylaws not in conflict with the Kentucky Revised Statutes shall continue to be in full force and effect.

ARTICLE TWENTY-SIX
MISCELLANEOUS

The Board of Directors shall have the power to make and adopt such policies not inconsistent with law, the Articles of Incorporation, or these Bylaws, as it may deem advisable for the management of the business and affairs of the Association.

ARTICLE TWENTY-SEVEN
DISSOLUTION

The Association may be dissolved in accordance with KRS 273.300 and all other applicable laws of the Commonwealth of Kentucky.

ARTICLE TWENTY-EIGHT
DISTRIBUTION OF ASSETS

In the event the Association adopts a resolution, pursuant to KRS 273.300, to dissolve the Association, the Association shall adopt a Plan of Distribution of Assets as provided in KRS 273.307. The Association shall then distribute the assets in accordance with its Plan of Distribution of Assets, but subject, however, to the provisions of KRS 273.303 and all applicable IRS Regulations.

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CERTIFICATION

I, Mark Davis, am Secretary of the South Eastern Water Association, Inc., an Association existing under the laws of the Commonwealth of Kentucky. I hereby certify that the attached document is a true and correct copy of the Bylaws of the Association as revised and adopted on the 10th day of **July, 2025.**

Mark Davis, Secretary

(SEAL)