



## **BYLAWS**

### **ADMINISTRATIVE ASSOCIATION OF THE AQUEDUCT AND SANITARY SEWAGE SYSTEM OF LOMAS DEL MAR DE SARDINAL DE CARRILLO DE GUANACASTE**

**Article One: The name of the Association and the Social Term:** The association will be called Administrative Association of the Aqueduct and Sanitary Sewage of Lomas del Mar de Sardinal de Carrillo de Guanacaste and by its nature will be of indefinite term.

**Article Two: Domicile:** The domicile of the Association will be: in Guanacaste, Carrillo, Sardinal, Lomas del Mar Project, administration office.

**Article Three: Goals:** The purposes of the Association are as follows:

- a) Manage, operate, maintain, develop, and keep the aqueduct in good condition, in accordance with the provisions and regulations issued by the Costa Rican Institute of Aqueducts and Sewers, which shall be binding,
- b) To obtain the effective participation of the community, in the construction, operation, maintenance and development of the aqueduct.
- (c) To collaborate in educational programs and campaigns to be undertaken.
- d) Help, explain and disseminate the provisions and regulations of the Costa Rican Institute of Aqueducts and Sewerage in the community.
- e) Cooperate in the plans, projects, and works undertaken by the Costa Rican Institute of Aqueducts and Sewerage.
- f) Participate in matters related to the administration, conservation and rational exploitation of waters, control of their pollution or alteration, definition of measures and actions necessary for the protection of water natural reserves and the ecological stability.
- g) To watch over that all the systems, their aqueducts or sanitary sewage installations, comply with the basic principles of the public service, in terms of quality, quantity, coverage, efficiency, rationalization of expenses, etc.



h) To provide public services in an efficient, equal, and timely manner to all its users, without distinctions of any nature.

**Article Four: Of the means to achieve the goals:** To achieve its goals, the association will carry out the following activities, among others:

a) Submit the statutes of the Association to the knowledge of AyA, prior to their submission to the Register of Associations for registration.

b) To sign with AyA the Delegation Agreement for the management of the public service.

c) To watch over and actively participate with the community in the construction, administration, operation, maintenance, and development of the systems, as well as in the preservation and conservation of water resources.

d) Authorize new services, connections, and reconnections, if there are existing aqueducts and/or sanitary sewers with technical capacity, otherwise it shall comply with the specifications indicated in article eighteen of the Regulations of the Administrative Associations of the Communal Aqueducts and Sewage Systems.

e) Acquire the goods, materials, and equipment necessary for the administration, operation, maintenance, and development of the systems, ensuring compliance with the guiding principles of administrative contracting, as well as with the Law on Administrative Contracting and its regulations.

f) To manage, operate, repair, guard, defend and protect according to the principles of sound administration all the assets destined to the provision of the services of the systems they manage.

g) Establish the necessary internal control measures to guarantee the good performance of the activities developed by the Association, in accordance with the General Law of Internal Control number eight thousand two hundred ninety-two.

h) Comply with the registration procedures of the allocation of flows and sources of supply necessary for the community, to the ends of safeguarding the resources for public ends, as maintaining a permanent program and log of the capacity of the sources that shall be delivered to the AyA.

i) To provide public services in an efficient, equal and timely manner to all its users, without distinctions of any nature, provided that the requirements requested by the Customer Service Provision Regulations are met, maintaining the equitable and mandatory participation of the community at the time of the construction of the water and sewage system.

- j) The Association may not dispose of the movable and immovable property of the Association without the express authorization of the Board of Directors of AyA, except in the case of sale of movable property that may be authorized by the respective Regional Directorate.
- k) Request the Board of Directors of the Association to call associates meetings to discuss matters related to the water and sewage system, which require community action.
- l) Submit periodic reports to the community on the operation, maintenance, and development of the systems.
- m) Once the Board of Directors of the Institute orders the termination of the Service Management Delegation Agreement or when the ASADA agrees to hand over the aqueduct, following a report from the Regional Directorate of AyA, the ASADA shall hand over the aqueduct and/or sewage system, as well as the movable and immovable property of the Association, recording said handing over in a notarial deed.
- n) Request technical, legal and financial organizational advice from AyA, as well as any other for the proper management for the good administration of the systems and require the expropriation of the necessary land and easements, for the performance of all these tasks AyA may charge the costs incurred.
- o) To have prior authorization from AyA, in the case of improvements, extensions or modernization of the systems, for which the Institute, through the respective Regional Directorate, will ensure the correct application of the established standards and policies.
- p) Participate in the trainings and calls required by the Institution.
- q) To monitor and control water quality, for which purpose it should implement the National Program for the Improvement of Water Quality, such as the Quality Seal, Blue Flag and any other program recommended by the AyA.
- r) To carry out the monitoring and control of activities that may generate negative effects in the area of immediate influence of the intake and recharge area.
- s) Grant the water availability seal, which shall be valid for six months for single-family housing and one year for other developments that require drinking water and sanitary sewer service, all of which may be extended. This seal shall be granted if there is technical viability, it is not detrimental to the quality of service provided and there is infrastructure.
- (t) Maintain up-to-date system maps and a register of users.
- u) Associations may present projects to develop activities related to the provision of the service, with prior authorization from the AyA.

- v) To manage specific entries, donations from public and/or private entities, both national and international for the development of its activities.
- w) Make good use of the resources, assets and collected funds for payment of water and sewage services, using them only for maintenance, improvements, expansion, administration and specialized technical assistance, in accordance with the provisions of the legislation in force.
- x) Establish an emergency fund, in accordance with article thirty-five of the National Emergency Law Number seven thousand nine hundred and fourteen.
- y) To carry out socio-organizational activities to promote projects of interest to members.
- z) To encourage the support of state institutions, co-operative and/or community institutions to improve the activities of all members.
- aa) Request, collect, generate and channel financial, human, material, and technical resources to improve water supply and sanitary sewerage.
- bb) The association may acquire all kinds of assets, materials and equipment for the administration, operation, maintenance and development of the systems, enter into contracts of all kinds and carry out all kinds of bidding operations aimed at achieving its purposes, ensuring that they are acquired in accordance with the principles of equality and free competition and respecting the provisions of the Regulations of the Associations for the Administration of Communal Water Supply and Sewerage Systems.
- cc) Pay obligations according to budgetary provisions, as well as having insured workers (INS and CCSS).
- dd) Submit to the authorization of the AyA any indebtedness or loan guarantee necessary for the system.
- ee) Comply and abide by the rulings, guidelines and summons issued by AyA.
- ff) Any other assigned by AyA in accordance with the regulation of the Administrative Associations of the Aqueduct and Sewerage Systems Executive Decree number thirty-two thousand five hundred and twenty-nine - s Minae.

**Article Five: Resources:** The association will have the following resources for the fulfillment of its purposes and to be able to execute the provisions of the regulations of the Water Supply and Sewage System Management Associations, being optional as indicated in paragraphs a), b), c), d) and e) and obligatory in paragraphs f), g) and h):

- a) Entrance fees and monthly membership fees set by the General Assembly.



- b) Donations.
- c) Subsidies.
- d) Specific items of the State, bequests, and others.
- e) Financial aid from the State, its institutions, municipalities and any natural or legal person, public or private, national or international.
- f) Fees for the provision of service (including fees for new services, disconnections, and reconnections).
- g) Urban development tax.
- h) Communal contribution.

**Article Sixth: Of the Associates:** The Association shall have the following categories of associates:

- a) Founders: They are the associates participating in the Constitutive Assembly, which requires that they are owners of the real estate and owners of the water hookup and that were annotated in the Constitutive Act.
- b) Active: They will be the owners of the hookups, owners who have entered after the Constitutive Assembly and who are in full enjoyment of their rights and who at the same time meet the condition of owners and owners of the water hookups.
- c) Honorary members: Those persons who have effectively collaborated in the development and consolidation of the association shall be considered honorary members. The category of honorary associate shall be by recommendation of the Board of Directors and approved by the General Assembly. Active members and founders who are in full enjoyment of their rights as active members shall have the right to speak and vote. The honorary associates shall only participate in the general assemblies with the right to speak, but without the right to vote, and may not be elected to the executive positions, nor to the fiscal office, nor shall they be subject to the other duties that the active and founding associates have.

**Article Seven: Affiliation:** The following rules shall be observed for the affiliation of associates:

- A) The interested party must submit a written request to the Board of Directors.
- B) All applications must be accompanied by the recommendation of two founding or active members. The affiliation must be approved by the Board of Directors and communicated to the associates in the General Assembly.



C) The Board of Directors retains the right to accept and reject the application for membership, if it accepts it, it shall do so by simple agreement, if it rejects it, it shall do so by reasoned agreement. The Board of Directors shall have a term of thirty working days to accept or reject the affiliation of a new associate.

D) The interested party may appeal any resolution of the Board of Directors to the General Assembly.

**Article Eight: Disaffiliation:** The associates shall cease to belong to the association for the following causes:

First: Death.

Second: Voluntary resignation, addressed in writing to the Board of Directors.

Third: By expulsion agreed and substantiated by two thirds of those present at the General Assembly for any of the reasons indicated below:

- A) Non-payment of two consecutive dues without a justifying cause, referring to paragraphs f), g) and h) of article five of these bylaws.
- B) Immoral conduct, which is detrimental to the good name of the association.
- C) When a member acts on behalf of the Association without being authorized to do so.
- D) Improper use of the physical and economic assets of the association.

In the cases in which there is a cause for expulsion of an associate, due process must be followed, the Board of Directors shall communicate in writing to the affected person the reasons for the expulsion, so that he/she may present his/her defense within eight calendar days; once this term has expired, the Board of Directors shall immediately call a General Assembly to resolve the case, the appellant associate may be present and appeal before said assembly, the latter being the one that resolves in a definitive manner the expulsion of the associate.

**Article Nine: Rights of the Associates:** The associates shall have the following rights:

A) To elect and to be elected in the directive or fiscal positions of the association.

B) To participate in the educational, cultural, and social activities organized by the Water and Sewage Administration Association regarding water resources.



- C) To participate with voice and vote in the General Assemblies.
- D) To present motions and suggestions in Assemblies.
- E) To denounce before the Association's Fiscal Office and the Association's General Assembly any irregularity that he/she may notice in the performance of the duties of the officers and other members of the Association.

**Article Ten: Duties of the Associates:** The duties of the associates:

- A) To comply with the Law of Associations, the statute, and regulations of the Association, as well as the agreements emanating from its bodies.
- B) Pay punctually the fees indicated in the fifth article, paragraph f) as well as the communal contribution and the urban tax.
- C) To attend the meetings to which they are summoned.
- D) To cooperate in the conservation of goods and the good development of the activities of the Association.
- E) To support the efforts made by the Association for the fulfillment of its objectives.

**Article Eleven: Of the bodies:** The association will have the following bodies:

- A) The general assembly.
- B) The Board of Directors.
- (C) The fiscal.

**Article Twelve: The General Assembly:** It is the maximum body of the Association composed by the entirety of its associates. There will be two types of Assembly: Ordinary and Extraordinary. The Assembly will meet ordinarily once a year, in the first fortnight of April, to hear the work report of the President and Treasurer of the Board of Directors, as well as that of the Fiscal's Office and to elect the members of the Board of Directors and the Fiscal's Office when it corresponds. Extraordinary meetings will be held every time the Board of Directors summons it, or a binding request is made by enough associates, or when the Fiscal's Office deems it necessary. Both ordinary and extraordinary meetings shall be summoned through the secretary by means of a circular letter or publication in a newspaper of national circulation eight calendar days in advance. It shall be considered constituted on first call when half plus one of the



associates are present. If the minimum indicated is not present, it shall meet in second call one hour later, with the number of members present that in no case may be less than one third of the total of the associates to the eligible positions in the bodies of the association, The matters shall be approved by simple majority, except in those cases that by the Law or these Bylaws require the vote of two thirds of the associates.

**Article Thirteen: The attributions of the General Assembly:** The attributions of the Ordinary General Assembly:

- A) To elect every two years the Board of Directors and the Fiscal, all being able to be reelected.
- B) To know, approve, reject, or modify the work reports submitted by the other bodies.
- C) To agree to the purchase of assets and to accept donations and bequests.
- D) Approve the regulations issued by the Board of Directors.
- E) Approve the budget for the corresponding year.
- F) Determine the amount of the fidelity policy with which the treasurer must be covered with.

**Article Fourteen: The attributions of the Extraordinary Assembly:** The following are attributions of the Extraordinary Assembly:

- A) To fill vacancies occurring due to definitive absences of the Board of Directors or in the Fiscal's Office.
- B) To reform the statute and rules of procedure.
- C) To agree on the expulsion of members.
- D) To agree on the dissolution of the Association after consultation with the Costa Rican Institute of Aqueducts and Sewers.

**Article Fifteenth: Of the Board of Directors:** The direction of the Association corresponds to the Board of Directors composed of five members: President, Vice-president, Secretary, Treasurer, and a Vocal, who will be elected in an Ordinary Assembly celebrated in the first fortnight of April of the corresponding year. The temporary absences of the members of the Board of Directors, except for the President, will be substituted by the same Board of Directors. In case of definitive absences, the Board of Directors will substitute these absences while convening an Extraordinary General Assembly to fill the vacancy for the rest of the period.





**Article Sixteen: Of the meetings of the Board of Directors:** The Board of Directors will meet ordinarily every month and extraordinarily when deemed necessary. It will be summoned by the Secretary by means of a circular letter ten days in advance. Fifty three percent of its members will form a quorum and its agreements will be taken by simple majority of votes.

**Article Seventeen: Powers of the Board of Directors:** The powers of the Board of Directors are the following:

- A) To take all kinds of agreements necessary for the Association to fulfil its goals.
- B) To present an annual report of its work to the General Assembly.
- C) To call general assemblies through the secretary or president.
- D) Appoint committees as it deems necessary.
- E) To supervise, together with the Office of the Fiscal, the work of the established commissions.
- F) Receive applications for membership and grant approval or disapproval. In case of disapproval, it shall be submitted to the General Assembly.
- G) Receive the requests for voluntary resignation and recommend or not the expulsion of any of the associates for the causes indicated in article eight.
- H) Submit to the Costa Rican Institute of Aqueducts and Sewerage an accounting report at least once a year.
- I) Comply with the laws, regulations, and guidelines or technical, economic, or legal opinions issued by the AyA.
- J) To sign, together with the AyA's representative, the concession agreement for the administration, operation, maintenance and development of the Aqueduct and Sewer System.
- K) To contract the personnel services necessary for the administration and operation of the systems in accordance with its annual budget.
- L) Appoint and remove the administrator, accountant, plumbers, and other personnel of the system and establish their duties, rights, obligations and salaries.
- M) Procure all materials and equipment necessary for systems administration.
- N) Establish the procedures for the commercialization of services, home inspections, metering, leakage control, as well as the functions of personnel with the advice of the AyA.



O) To periodically inform associates, neighbors and users about the plans, projects and operation of the systems and administration.

P) To hear objections and claims made by users or third parties against its acts and to submit appeals to the AyA (Article 40 of the Regulations of the Administrative Associations of the Water and Sewerage Systems of the Municipal Water Supply and Sewerage System).

Q) Send the AyA a copy of the annual report of activities.

**Article Eighteen: The Fiscal's Office:** There will be a third independent body called the Fiscal's Office, which will be composed of a Fiscal of legal age appointed by the Ordinary General Assembly held in the first fortnight of April, for a period of two years. He will take office on the sixteenth day of April of the corresponding year, for a period of two years and will have the following attributes:

A) To supervise all the operations and economic movements of the Association.

B) To ensure compliance with the Law and the Statute, as well as the agreements and regulations issued by the association.

C) Submit an annual report to the Assembly.

D) Listen to complaints from associates and carry out the pertinent investigation.

E) To request the calling of an Extraordinary Assembly when deemed necessary.

F) Participate with voice but without vote in the meetings of the Board of Directors where matters related to its management are discussed.

G) Communicate to the AyA the matters that are discussed or approved in the Administrative Board and that are not regulated in the regulations in force, regarding technical and operational aspects of the systems.

**Article Nineteen: Powers of the members of the Board of Directors:**

First: The President will be the judicial and extrajudicial representative of the Association, with General Powers of Attorney without limit of sum according to the attributions of the article one thousand two hundred and fifty three of the Civil Code, but in any case to sell, encumber or in any way alienate goods of the Association will require approval by firm agreement of the Board of Directors with the exception of the article thirteen, clause c) and the fourth clause ten

of the Statute. He will preside the assembly sessions and the meetings of the Board of Directors and will sign the minutes together with the Secretary. He/she will authorize together with the Treasurer the payments that the Board of Directors agrees and will take the initiative in all the steps that the Association undertakes.

Second: The vice-president will substitute the president in his temporary absences with the same attributions and obligations.

Third: The Secretary shall prepare the minutes of the General Assembly and Board of Directors meetings and sign them together with the President once they have been approved by the respective body. He/she shall keep in perfect order and duly legalized the book of minutes of General Assemblies, the book of minutes of the Board of Directors and the book of Registry of Associates, whose inscription entries shall be signed by the President and the Secretary. He/she shall read the correspondence and process it as soon as possible, keep an orderly and complete file, and in general shall oversee the custody of the documents and files and shall send to the AyA the requested information within the indicated terms.

Fourth: The Treasurer: has the obligation to collect the dues that are fixed to the members. Also, to take care of the funds of the Association, which will be deposited in a current account in one of the banks of the National Banking System, in the name of the Association. Deposits or withdrawals shall be made with the signature of the President and Treasurer and in the temporary absence of the President, the Vice President shall sign. It shall render an annual report to the assembly and shall keep up to date, ordered and legalized the General Ledger, Journal and Inventory and Balance Books. He must be covered with a fidelity policy in accordance with article twenty-four of the Law of Associations, the amount of which will be fixed at the General Assembly. On the other hand, the treasurer shall have custody of the monies collected for the service collection of any other activity developed by the entity, with the purpose of obtaining funds for the maintenance, operation and development of the Aqueduct and Sanitary Sewage System.

Fifth: It corresponds to the vocal, to help in tasks entrusted by the Board of Directors and to substitute temporarily when a member of the Board of Directors is absent, except for the President.

**Article Twenty: Amendments to the bylaws:** The total or partial amendments of the statute must be approved in the Extraordinary General Assembly by two thirds of the Associates present in the Assembly and its inscription shall be made according to article nineteen of the Law of Associations and its reforms and prior to its inscription it must be



submitted to the AyA for its endorsement, except for the modifications of the representation and the appointment of its members.

**Article Twenty-One: Dissolution of the Association:** The association may be dissolved when the causes indicated in articles thirteen, twenty-seven, thirty-four of the Law of Associations and its Reforms concur; as well as article four of the Regulations of the Associations Adminstrating the Aqueduct and Sewerage Systems.

**Article Twenty-Two: Conditions of Dissolution:** When the Association is extinguished, its assets shall be transferred to the Costa Rican Institute of Aqueducts and Sewers and the Civil Judge of the domicile of the association shall be asked to appoint one or three liquidators who shall earn the percentage fixed in article fourteen of the Law of Associations.