

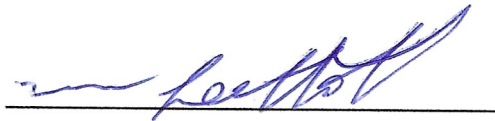
**BURTON WATER COOPERATIVE**

**RESOLUTION**

**ADOPTED SEPTEMBER 4, 2024**

The Board, pursuant to the Member decision ballot, hereby adopts the Bylaws approved by the Membership to become effective on the Effective Date as defined in Article II, Section 1 of the Bylaws (the date of transfer of ownership of the Burton water system assets from Burton Water Company, Inc. to the Cooperative).

ATTESTED.



Norm Seethoff, Secretary

**BYLAWS**  
**of**  
**Burton Water Cooperative**

**ARTICLE I**  
**General Purposes**

The Burton Water Cooperative (“Cooperative”) is organized for the purpose of acquiring the assets of Burton Water Company, Inc. and operating a community-owned water utility for its previous customers and potentially other property owners in the Burton community on Vashon Island, King County, WA. The purposes for which this Cooperative is formed and the powers which it may exercise are set forth in the Articles of Incorporation of the Cooperative and its Bylaws.

**ARTICLE II**  
**Membership**

**Section 1. Definitions**

**Board of Directors** or **Board** means the initial board of directors of the Cooperative and subsequent boards constituted in accordance with these Bylaws or Ch. 24.06 RCW.

**Director** means a member of the Board of Directors.

**Member** shall mean any person or entity that has satisfied the Membership eligibility requirements set forth in Section 2 below and has been issued a Membership in the Cooperative.

**Member in Good Standing** shall mean a Member that (a) has not been determined by the Board to be in violation of the provisions of these Bylaws or the Rules and Regulations and policies of the Cooperative; or (b) is not more than ninety (90) days late in the payment of any monies due to the Cooperative.

**Membership** shall mean a membership in the Cooperative as defined in these Bylaws.

**Connection** shall mean any of the following: (a) a metered connection to a Parcel that receives water service from the Cooperative’s water system, (b) a stub line from a Cooperative water main that has been installed and is adjacent to a Parcel that is eligible for meter installation and water service, and (c) a commitment (commonly known as a “Will-Serve Commitment”), recognized in writing by the Board as valid and applicable to the Cooperative, issued by the Burton Water Company, Inc. or the Cooperative to provide water service to a specifically identified Parcel.

**Effective Date** shall mean the date of transfer of ownership of the Burton water system assets



from Burton Water Company, Inc. to the Cooperative.

**Parcel** shall refer to one legally recognized parcel of land described in the real estate records maintained by King County that is located within the Water Service Area.

**Water Service Area** shall mean the area delineated in the Burton Water Company, Inc. water system plan for retail water service as approved by the Washington State Department of Health as may be adjusted from time to time by the Cooperative.

## **Section 2. Memberships and Connections: Eligibility, Requirements, and Rights**

### **A. Eligibility**

A legal person who is at least 18 years of age, including without limitation an individual, a partnership, association, corporation, trust, or other legal entity, including governmental entities and political subdivisions thereof, or any group including any combination of any of the foregoing, that is a recorded owner of a fee or undivided fee interest in a Parcel having a Connection, including a Will-Serve Commitment, to the Burton Water Company, Inc. water system as of the Effective Date shall automatically be eligible for Membership.

### **B. Membership Required**

Each owner of a Parcel having a Connection must have a Membership in order to receive water service from the Cooperative. Each such owner must make an application for Membership on a form prescribed by the Cooperative. If an owner fails or refuses to do so, the receipt or availability of water service through a Connection shall nevertheless constitute acknowledgement and agreement by the owner to be a Member subject to the terms and provisions of the Cooperative's Articles of Incorporation, Bylaws, Rules and Regulations, and any amendments thereto.

### **C. Multiple Parcels or Owners**

If an owner owns multiple Parcels or multiple Connections, only one Membership shall nevertheless be issued to the owner. Only one Membership may be issued to joint owners of a Parcel(s).

### **D. Limitations of a Single Connection**

Each Connection shall only entitle one Parcel to receive water service from the Cooperative for one single family residence or equivalent unless the Board has expressly authorized otherwise in writing, whether by specific written permission or by rule. Only Members may have a Connection. Rights and limitations associated with each Connection shall be established by Board-adopted Rules and Regulations.

### **E. Eligibility for New Connections**

Other owners of Parcels that are in the Cooperative's Water Service Area and otherwise eligible to become a Member in accordance with these Bylaws and the Cooperative's Rules and Regulations, may, if the Cooperative has sufficient water system capacity as determined by the Board, obtain a Connection and become a Member upon Board approval of such applications and agreements as the Board may require. The Board may adopt rules for allocating water system capacity to applicants for Connections including establishment of a waitlist, lottery or other rule or procedure.

#### F. Governing Documents

All Members, whether existing or new, are required to abide by the Cooperative's Articles of Incorporation, Bylaws and Rules and Regulations and pay fees and charges as may be imposed by the Board.

#### G. Fees Applied Per Connection

Regardless of the number of Connections a Member may have, fees, assessments, services and base rates may be applied to each Connection.

#### H. Approval of Membership and Nondiscrimination

The Cooperative shall issue a Membership to eligible persons or entities having a Connection and to subsequently approved applicants for Membership upon approval by the Board and payment of all applicable fees. Memberships shall not be denied because of the applicant's race, color, creed, sex, age, marital status, sexual orientation, disability, or national origin.

### **Section 3. Voting Rights Per Membership**

Each Membership shall entitle its owner(s) to only one vote regardless of the number of owners or Parcels or Connections. The vote attributable to a membership having multiple owners shall be exercised by one such owner as the owners of the Membership shall designate. Multiple votes received with respect to one Membership shall be treated as one vote unless they conflict in which case all such votes shall be invalid.

### **Section 4. Transferability**

#### A. Sale of Property

When a Member transfers ownership of a Parcel for which a Connection has issued to another party by sale or other disposition, the Connection shall transfer to the successor in interest if all eligibility requirements as established by the Board are met including payment of fees therefore, and all outstanding charges and assessments incurred by the transferring Member have been paid in full. If the transferee of a Connection is not a Member, the transferee must apply for and become a Member prior to receiving water service. If the transferor of a Connection owns no other Parcels that have Connections, then the transferor's Membership shall extinguish upon the transfer of ownership of a Parcel.

#### B. Transfer of Right to Receive Service to Another Parcel Owned by Same Member

A Member may transfer a Connection associated with a Parcel to another Parcel owned by the same Member subject to approval by the Board.

### **Section 5. Membership, Connection and Will-Serve Commitment Termination**

#### A. Termination with Cause.

A Membership or Connection may be terminated for cause as reasonably determined by the Board for failure to remedy, after at least two (2) written warnings, a violation described below. The subject Member shall be issued not less than twenty (20) days written notice of a



hearing to be held before the Board at which time the Member may appear and present a defense. The causes for which a Membership or Connection may be terminated are:

1. Violations of Bylaws, Rules and Regulations; Unauthorized Use, Damage, or Neglect

Failure to comply with the provisions of the Bylaws and/or Board adopted Rules and Regulations; or a Member that causes damage to the Cooperative's property by the Member's action or neglect.

2. Nonpayment

Failure to pay any fees for Membership, services or assessments levied by the Cooperative, including amounts for betterments, maintenance, or charges related to damage inflicted on the Cooperative's property by action or neglect.

Notwithstanding the Cooperative's termination rights, the Cooperative reserves the right to pursue all legal remedies to recover outstanding amounts due.

Notwithstanding the foregoing, the Board may adopt rules to terminate Memberships and Connections that have not been put to use within a reasonable period of time.

B. Voluntary Termination

Any Member may terminate their Membership or Connection voluntarily upon written notification to the Cooperative.

C. Effect of Termination

1. Termination of Rights and Privileges

In the event of termination of a Membership or Connection, all rights and privileges thereof, including the right to receive or obtain water service to a Parcel, shall extinguish. Except as provided in this subsection, no refunds of charges previously paid to the Cooperative shall be due as a result of Membership or Connection termination.

The Cooperative shall return to the Member the initial per Connection fee previously paid by that Member or a predecessor to the Cooperative for that Connection, without interest, less any amounts owing to the Cooperative, any costs the Cooperative incurred when establishing or removing water service infrastructure to the Parcel, and an administrative fee as determined by the Board. Water system capacity associated with terminated Connections shall revert to the Cooperative.

To the extent required by law, termination of Membership will not result in forfeiture of a former member's rights and interest in the Cooperative's assets upon dissolution.

2. Reapplication after Termination

If reapplication for Membership or a Connection is made with respect to a Parcel whose Connection was terminated, the applicant shall be treated the same as applicants for new Memberships and Connections except that in addition to meeting all other requirements for Membership, all previously unpaid fees, assessments, and other amounts attributable to the terminated Membership and Connection and any costs associated with reconnection must be paid.

## **Section 6. Right to Documents**

Members have a right to inspect the following documents: the Cooperative's current Bylaws; Board-approved Rules and Regulations, names of Directors, officers, and employees; regular meeting dates of the Board and minutes; annual budget, rate schedule, annual financial statements and capital needs projections; and records of real estate owned by the Cooperative. The Cooperative shall use reasonable efforts to post such documents to a web page or make them available through other electronic means. The Board of Directors may adopt rules and charges governing requests for records that may be otherwise subject to RCW 24.06.160.

## **ARTICLE III**

### **Membership Numbers and Certificates**

#### **Section 1. Non-Stock Memberships; Membership Number**

The Cooperative shall not have capital stock, rather it shall have Memberships. A membership number shall be issued to each Membership consecutively in accordance with the order of issue.

#### **Section 2. Membership Certificates**

Membership Certificates may be issued in electronic or paper form. Each Membership Certificate shall include the membership number, the name(s) of the Member or joint owners, the King County parcel number(s) for the Connection(s) assigned to the Member and date of issue, and bear the following statement:

"This Membership Certificate is issued and accepted in accordance with and subject to the conditions and restrictions stipulated in the Articles of Incorporation, Bylaws, Rules and Regulations, Usage Rates, Charges and Fees, policies, and amendments to the same, of the Burton Water Cooperative. This Certificate is not transferable except in accordance with the Cooperative's Bylaws and Rules and Regulations."

## **ARTICLE IV**

### **Meetings of Members**

All meetings of the Members shall be held on Vashon Island in person, by electronic means including teleconference, or both.

#### **Section 1. Annual Meeting**

The annual meeting of the Members shall take place during the month of March except as the Board of Directors may reasonably adjust. The place, day, and time of the annual meeting shall be set by the Board of Directors.

#### **Section 2. Special Meetings**

Special meetings of the Members may be called at any time by the action of the Board or whenever a petition requesting such meetings is signed by at least ten (10) percent of the



Members and presented to the Secretary or to the Board. The purpose of every special meeting shall be stated in the notice thereof, and no business shall be transacted thereat except such as is specified in the notice.

### **Section 3. Notice of Meetings**

Notice of meetings of Members, both the annual meeting and special meetings, shall be given in written form to each member of record not less than thirty (30) days prior to the annual meeting, and not less than ten (10) nor more than forty (40) days prior to any special meeting.

Notice shall be:

- i. Sent by electronic means to the email address recorded on the books of the Cooperative; or
- ii. Mailed by first-class mail to mailing address recorded on the books of the Cooperative; or
- iii. Delivered in person to the service address.

Such notice shall state the nature, time, place and purpose of the meeting.

### **Section 4. Quorum and Voting**

The presence at a meeting of not less than ten percent (10%) of the Members shall constitute a quorum. Once established, a quorum is maintained until adjournment. Presence may be established by physical or electronic meeting attendance, by votes submitted by mail or electronic delivery, and by members represented at a meeting by proxy, provided that no member may hold more than one proxy. The Board may impose reasonable limitations on the use of proxies.

Decisions by Members shall be determined by a simple majority vote of those present at any meeting where a quorum has been established, unless otherwise specified in these Bylaws or by law. For the election of Directors and any other vote requiring a percentage of the total membership to pass, physical or electronic ballots provided by the Cooperative in advance of a meeting shall be the sole method of voting.

### **Section 5. Election of Directors; Ballots**

Directors shall be elected at the annual meeting of the Members.

The official ballot prepared by the Cooperative shall be made available to Members at least fourteen (14) days before the annual meeting, along with a brief candidate-submitted description of qualifications. The Board shall communicate the methods for returning ballots. In order to be counted, all ballots must be received by mail or delivered prior to or presented at the annual meeting. The ballot count shall be conducted or overseen by the Nominating Committee. The candidates receiving the most votes will be elected to the open positions. In the event of a tie vote, the successful Director candidate shall be determined by a coin toss. Results of the election shall be recorded in the minutes of the annual meeting. The Director(s) elected at that meeting shall take office at the conclusion of the annual meeting at which he or she is elected.

## **Section 6. Order of Business**

The order of business at the annual membership meetings shall be:

- A. Calling to order and proof of quorum
- B. Proof of notice of meeting
- C. Reading and action on any unapproved minutes
- D. Reports
  1. President's Report
  2. Presentation of financial reports, including:
    - a. Balance sheet
    - b. Income statement
    - c. Budget with actuals
    - d. Reserve balances
    - e. Current rate structure and any proposed changes
  3. Report on system condition, including but not limited to:
    - a. Capital improvements completed, in process, and anticipated
    - b. Water quality report
    - c. Disclosure of any regulatory agency findings
  4. Other Committee Reports (if any)
- E. Other business and Member comments
- F. Election of Directors
- G. Adjournment

## **ARTICLE V**

### **Directors and Officers**

#### **Section 1. Number and Terms**

The Board shall consist of five (5) Members in Good Standing. Employees of the Cooperative may not serve as a Director. Not more than one Member of a Jointly held Membership may be a Director at any one time.

The interim Board named in the Articles of Incorporation, or any interim Director subsequently elected to fill a vacancy, shall serve until the Members elect a new Director or Board. Notwithstanding any other provision hereof, after the Effective Date, a special meeting shall be called within sixty (60) days during which a new Board shall be elected. Each Member may vote for a maximum of five (5) candidates for the Board, with a single vote for any one candidate. The five candidates with the most votes will constitute the new Board. Director terms shall be



staggered with one Director elected for a term of one (1) year; two Directors for a term of two (2) years; and two Directors for a term of three (3) years. Assignment of Directors to an initial term of either one (1), two (2) or three (3) years shall be by lottery.

At each annual meeting thereafter, the Members shall elect for a term of three (3) years the number of Directors whose terms of office have expired. Each Director shall hold office for the term for which he or she is elected. Successive Directors shall then be elected to terms of three (3) years such that no more than two (2) Directors' terms shall expire in any given year.

## **Section 2. Nominating Committee and Ballots**

Director candidates shall be selected by an unpaid Nominating Committee appointed by the President, consisting of at least one (1) Director not up for election and one (1) Member who is not a Director. The committee shall screen the Members for possible candidates, establish a list of one or more potential candidates therefrom, evaluate their qualifications for inclusion on the ballot, and confirm their willingness to serve if elected. In addition, a Member may nominate a candidate by contacting the Secretary in writing no later than 45 days prior to the annual meeting. If a person nominated withdraws or is not eligible, or the Nominating Committee is not able to find a candidate, then the Board position is deemed vacant, and the Board may fill it pursuant to the provisions below.

## **Section 3. Election of Officers**

The Board shall meet within ten (10) days after the annual election of Directors and shall elect a President, Vice President, Secretary and Treasurer (collectively "Officers" or individually "Officer") from among themselves, each of whom shall hold office until the next annual meeting, and until the election and qualification of a successor, unless sooner removed by death, resignation, or for cause.

## **Section 4. Removal of Directors and Officers**

Directors and Officers may be removed from office for missing three (3) meetings in a calendar year, or for cause that impedes the purposes of the Cooperative, including but not limited to: violation of the Cooperative's code of ethics as adopted by the Board of Directors, a criminal conviction, or failure to meet duty of care for cooperative directors set forth in RCW 24.06.153.

Officers and Directors may be removed from office in either of the following means:

### **A. Member Vote**

If proposed by a Member, the reasons for removal must be accompanied by a petition signed by ten (10) percent of Members in Good Standing. Consideration of such removal shall occur at the next regular or special meeting of the Members and shall be effective if approved by a majority of those voting and a minimum of 25% of the total membership.

### **B. Director Vote**

If proposed by a Director, such removal shall be voted on at the next regular or special meeting of the Board of Directors and shall be effective if approved by a majority of the total number of Directors.

A Director or Officer subject to a vote of removal shall be notified in writing no less than fifteen (15) days prior to a vote and if by Member vote, he or she may present a statement in writing in the meeting notice only if the statement is received within seven (7) days prior to the issuance of the meeting notice. The subject Director or Officer may present his or her defense at the meeting. If the removal of a Director is approved, such action shall also vacate any other office held by the removed Director.

### **Section 5. Vacancies**

Board vacancies, whether by death, resignation, retirement, removal, disqualification or otherwise shall be filled by majority vote of the Board at the next regular Board meeting or at a special Board meeting called for this purpose. The term of a Director filled in such a manner shall be until the next annual Membership meeting, at which time an election will be held to fill the position for the remainder of the term, or a full term if the remaining term for that Director position has ended.

### **Section 6 Meetings**

The Board shall establish and adjust as needed a regular schedule of meetings of the Board, announced to Members at the annual meeting or subsequently as soon as practical by electronic notice, after which no notice for regularly scheduled meetings is required. Special meetings of the Board of Directors may be called by the President or any two Officers provided at least three days' notice is provided to all Directors. Notice of meetings may be provided electronically to an email address specified by a director, by first class mail to an address specified by the director (with receipt to be effective five (5) days after mailing), by delivery to the director's home address or personal delivery. The three day notice requirement may be waived by presence at the meeting or by electronic notice.

### **Section 7. Quorum and Votes Required to Take Action**

A majority of the Board shall constitute a quorum at any meeting of the Board. Once established at a meeting of the Board, a quorum is maintained until adjournment. The affirmative vote of a simple majority of the total number of Director positions set forth in Section 1 above shall constitute the act of the Board.

### **Section 8. Compensation**

Directors shall receive no compensation for their services to the Cooperative.

### **Section 9. Committees**

The Board may from time to time establish one or more committees. At the option of the chair of the committee or majority of its members, committee meetings may be conducted in private. Committees shall submit regular reports to the Board of Directors. No committee shall take any action that shall be binding on the Board or the Cooperative.



## **Section 10. Member Attendance at Board Meetings**

Except for executive sessions, any Member in Good Standing may attend meetings of the Board, but may speak only upon invitation by the President, who may set limits on time of attendance and scope of comments.

The Board may convene executive sessions during any regular or special meeting to consider and discuss legal matters, claims, litigation, settlement and contract negotiations, personnel matters, specific member accounts and other confidential or sensitive topics. Reference to the purpose for the executive session shall be included in the minutes. All topics discussed in executive session shall be and remain confidential until such time as the Board authorizes its release.

## **ARTICLE VI**

### **Duties and Authority of Directors**

The Board, subject to restrictions of law, the Articles of Incorporation, and these Bylaws, shall exercise all powers of the Cooperative, and without prejudice to or limitation upon their general powers, it is hereby expressly provided that the Board shall have, and are hereby given full power and authority in respect to the matters as hereinafter set forth:

#### **Section 1. Authority and Powers**

##### **A. Authorizing Connections**

To authorize existing and new Connections within the Water Service Area and approved limits set by the Washington State Department of Health and establish conditions and charges therefore.

##### **B. Approve Membership Agreements**

To approve Membership and other agreements in accordance with these Bylaws and the Rules and Regulations and cause to be issued Membership certificates.

##### **C. Agents and Employees**

To select and appoint all agents or employees of the Cooperative, remove such agents or employees of the Cooperative, prescribe such duties and designate such powers as may not be inconsistent with these Bylaws, fix their compensation and pay for faithful services.

##### **D. Borrowing**

To borrow from any source, money, goods, or services and to make and issue notes and other negotiable or nonnegotiable instruments evidencing indebtedness of the Cooperative; to make and issue mortgages, deeds of trust, pledges of revenue, trust agreements, security agreements and financing statements and other instruments evidencing a security interest or other encumbrance in the assets of the Cooperative; and, to do every act and thing necessary to effectuate the same.

##### **E. Acquisition and Sale of Capital Assets and Real Property**

To sell or acquire capital assets and real property; provided that the Board will neither sell nor

transfer any water rights nor sell all or substantially all of the Cooperative's real estate or assets unless approved by vote of the Membership in accordance with RCW 24.06.240 or successor statute.

**F. Rules, Regulations and Policies**

To make rules, regulations, or policies that the Board deems beneficial to the safe and responsible operation of the water system that are not inconsistent with the Cooperative's Articles of Incorporation and the Bylaws. Without limiting the generality of the foregoing, the Board may adopt and impose water conservation measures as it may determine reasonable and appropriate.

**G. Setting Usage Rates and Fees**

To fix and alter charges to be paid for memberships, Connections, water service and related services, and to fix and alter the method of billing, time of payment, manner of collection, and penalties for late or nonpayment of the same. The Board may establish rates and classifications applicable to various types of Members and levels of service in order that all Members of whatever type share in operations, capital and debt service costs.

**H. Enforcement**

To enforce collection of the Cooperative's rates, charges and assessments and compliance with its Rules and Regulations and policies, which shall include the power to disconnect water service, in any manner that does not violate the laws of the State of Washington.

**I. Banking and Investments**

To select one or more banks to act as depositories of the funds of the Cooperative and to determine the manner of receiving, depositing, and disbursing the funds of the Cooperative. Directors shall by policy establish the form of checks and the person or persons by whom the same shall be signed and shall reserve the power to change such banks and the person or persons signing such checks and the form thereof at will. The Cooperative's surplus funds may be invested in savings accounts, certificates of deposit, notes, or bonds of any federally insured bank or credit union or the United States, other obligations of the United States or its agencies, any corporation wholly owned by the government of the United States; or United States dollar denominated bonds, notes, or other obligations that are issued or guaranteed by the United States or a United States agency.

**J. Assessments**

To propose, execute and collect assessments from the Members for the purpose of funding the costs of acquiring or constructing improvements to the Cooperative's water system and its related facilities or perform major maintenance.

**K. Contracts**

To enter into contracts on behalf of the Cooperative for any lawful purpose including contracts with members and new members, service providers, contractors, lenders and governmental agencies.

**Section 2. Duties and Responsibilities**

**A. Physical Operation and Maintenance of Water System**



To ensure that the water system operates in compliance with federal, state and local laws.

**B. Billing and Collection of Payments**

To ensure accurate and timely billing and collection for services, fees, and assessments.

**C. Payment of Financial Obligations**

To pay lawful expenses of operations and improvements including loans, taxes, wages, utilities, contracted work, and other financial obligations.

**D. Budgeting, Forecasting and Emergency Reserve**

To adopt an annual budget and plan for capital improvement expenditures and such reserves as it deems prudent.

**E. Financial Review**

To order, at least once each fiscal year, a review of the books and accounts of the Cooperative by a competent public auditor or accountant. The report prepared by such auditor or accountant shall be submitted to the Members at their annual meeting, together with a proposed budget for the ensuing year. Copies of such reviews and budgets shall be submitted to such parties as may be required by other agreements.

**F. Maintaining Appropriate Insurance for the Cooperative**

To procure appropriate insurance for the Cooperative consistent with industry standards and commercial availability.

**G. Preparation and Keeping of Records Pertaining to the Business and Governance**

To maintain and archive for reasonable periods appropriate records pertaining to the business and governance of the Cooperative.

## **ARTICLE VII**

### **Duties of Officers**

#### **Section 1. Duties of the President**

The President shall preside over all meetings of the Cooperative and the Board, call special meetings of the Board, perform all acts and duties usually performed by an executive and presiding Officer, and sign all papers of the Cooperative as may be authorized or directed to sign by the Board, provided the Board may authorize any person to sign any or all checks, contracts, and other instruments in writing on behalf of the Cooperative. The President shall perform such other duties as may be prescribed by these Bylaws and the Board.

#### **Section 2. Duties of the Vice President**

In the absence or disability of the President, the Vice President shall perform the duties of the President; provided, however, that in case of death, resignation, or disability of the President, the Board may declare the office vacant and elect a successor.

The Vice President shall ensure the Cooperative keeps an accurate certificate record, showing

the name of each Member of the Cooperative, the parcel(s) to which such Membership attaches, details about class of use, if applicable, and date of issuance, surrender, transfer, termination, cancellation, or forfeiture. The Vice President shall make a full report of all matters and business pertaining to Membership records at the annual Membership meeting or at such other time or times as the Board may require.

**Section 3. Duties of the Secretary**

The Secretary shall ensure that the Cooperative keeps a complete record of all proceedings of all meetings of the Board and Membership. The Secretary shall attest the President's signature on all papers pertaining to the Cooperative unless otherwise directed by the Board. The Secretary shall serve, mail, or deliver all notices required by law and by these Bylaws and shall make a full report of all matters and business pertaining to the office to the Members at the annual meeting or at such other time or times as the Board may require. The Secretary shall make all reports required by law and shall perform such other duties as may be required by the Cooperative or the Board.

Upon the election of a successor, the Secretary shall turn over to the successor all books and other property belonging to the Cooperative that the Secretary may possess.

**Section 4. Duties of the Treasurer**

The Treasurer shall be accountable for all funds belonging to the Cooperative and shall: oversee the payment of obligations incurred by the Cooperative; maintain bank accounts in depositories authorized by the Board of Directors; review monthly financial reports prepared by the Cooperative's bookkeeper; present financial reports at regular meetings of the Board and Membership; maintain records of payments made by members, which the Treasurer may choose to do by structuring and reviewing the work of employees or contractors charged with this duty.

The Treasurer shall implement accounting procedures that protect the assets of the Cooperative, including reviewing rules for when and how many Directors should sign checks, drafts, or other forms of payment. With the adoption of these Bylaws, budgeted payments of less than \$10,000 may be signed by an employed or contracted operations manager and one Officer. Non-budgeted payments exceeding \$1,000 and any payment over \$10,000 must be co-signed by two Officers.

Upon the election of a successor, the Treasurer shall turn over to the successor all books, records and other property belonging to the Cooperative that the Treasurer may possess.

**ARTICLE VIII**

**Benefits and Duties of Members**

**Section 1. Water Distribution**

The Cooperative will use reasonable efforts to install, maintain, and operate a distribution pipeline or lines from the source of the water supply and service lines from the main distribution pipeline or lines to the property line of each Parcel having a Membership and Connection, at



which points, designated as delivery points, water meters shall be installed, owned, monitored and maintained by the Cooperative.

## **Section 2. Requirements for Connection and Maintenance**

Each Member shall be required, at the Member's expense, to provide and install per King County Code, water supply pipes to connect a service line or lines from the Cooperative's water meter serving each Parcel having a Connection. The Member shall maintain, at the Member's expense, such service line or lines which shall be owned by the Member. Members shall not allow service within their Parcel to be extended to any other land or improvements except upon approval by the Board or authorized by rule. Each Member shall pay fees and charges as may be imposed by the Board of Directors before such Member will be entitled to receive water from the system.

## **Section 3. Damage to Cooperative Property**

Members shall be held liable for any damage to a meter or other equipment, facilities or property of the Cooperative caused by the Member, its tenants, agents, employees, or contractors including damage to mains, service connections, valves, fire hydrants, or other property of the Cooperative.

## **Section 4. Provision and Metering of Water**

Members shall be permitted to purchase from the Cooperative, pursuant to rules, rates, policies, and agreements as may be imposed by the Cooperative, water for domestic, commercial, agricultural, or other purposes subject to the capacity of the Cooperative's water system, the provisions of these Bylaws and Rules and Regulations adopted by the Board. Each Member may only utilize only such water as may be necessary to supply its reasonable needs on the Parcel having a Connection except upon approval by the Board or authorized by rule. The Cooperative may require that water delivered through separate service lines be metered separately.

## **Section 5. Water Shortage and Interruption of Service**

In the event the Board determines total projected or existing water supply is insufficient to meet all of the needs of all Members, the Cooperative may prorate available water among the various Members on such basis as is deemed equitable by the Board. The Board may also prescribe a schedule of hours and/or other restrictions covering use of water by Members and require adherence thereto until such time as the supply of water from the system is sufficient to meet the needs of all Members.

Whenever necessary for the purpose of repairs or improvements to its system, the Cooperative shall have the right to temporarily suspend the delivery of water. The Cooperative shall provide reasonable notice to Members impacted by the service interruption if circumstances permit.

Members depending upon a continuous supply of water shall provide emergency water storage and any devices necessary for the protection of plumbing or fixtures against failure of the pressure or supply of water in the Cooperative's mains.



## **Section 6. Access**

Each Member shall and is hereby deemed to grant the Cooperative and its agents and contractors access to its Parcel(s) served by the Cooperative for the purposes of reading water meters, repair, or replacement of any Cooperative owned property, and ensuring compliance with the other provisions of these Bylaws and the Cooperative's Rules and Regulations and policies. Failure to provide for or grant unobstructed access to Cooperative owned property, including reading the meter, may cause the Cooperative to discontinue Services until access may be obtained.

If a Member's parcel and any adjacent land owned by the Member contains a water distribution line operated by the Cooperative for which a recorded easement does not appear in King County real estate records, the Member shall grant the Cooperative a perpetual utility easement in, under and upon the parcel(s) for the operation, repair, maintenance and replacement of the water distribution line, meters, valves and appurtenances along with the right to utilize adjoining lands belonging to the Member for the purpose of ingress to and egress from the easement area.

## **ARTICLE IX**

### **Distribution of Surplus Funds**

#### **Section 1. No Anticipation of Surplus**

It is not anticipated that there will be any surplus funds or net income to the Cooperative at the end of the fiscal year after provisions are made for the payment of the expenses of operation and maintenance, debt service, and the funding of the various reserves for depreciation, capital improvements, debt service, emergency reserves, and other purposes, including those required by the terms of any borrowing transaction. Surplus funds may be used for such purposes as retiring indebtedness, expanding the organization's services, or reducing water rates for subsequent years.

#### **Section 3. Member Interest upon Dissolution**

Upon dissolution of the Cooperative, after paying off all debts and obligations, Members and former Members (to the extent practicable) will be entitled to receive their share of all the proceeds remaining in accordance with the provisions of IRC Sec. 501(c)(12). To the extent authorized by law, Member equity amounts attributable to fees paid to join the Cooperative and assessments for capital improvements shall be returned prior to other distributions.

## **ARTICLE X**

### **Limitation of Liability and Indemnification**

#### **Section 1. Limitation of Liability of the Cooperative**

The Cooperative shall not be liable to any Member or any other person or entity for any



interruption, shortage or insufficiency of water supply, lack of or excessive water pressure, or for termination of water service.

## **Section 2. Limitation of Liability of Directors**

No past, present or future Director shall be personally liable to the Cooperative or its Members, for monetary damages for any conduct as a Director; provided that no Director shall be released from liability for the following: (i) acts or omissions that involve intentional misconduct by a Director; (ii) acts or omissions that involve a knowing violation of law by a Director; (iii) acts or omissions that involve a knowing violation of the Governing Documents; (iii) voting for or assenting to distributions made in violation of the Articles of Incorporation and Bylaws; (iv) any transaction from which the Director will personally receive a benefit in money, property, or services to which the Director is not legally entitled.

## **Section 3. Indemnification of Directors, Officers, Employees, and Agents**

Should any person be sued or threatened with suit, either alone or with others, because he or she was or is a Director, officer, employee, or agent of the Cooperative, in any proceedings other than an action by the Cooperative, indemnity for his or her reasonable expenses incurred, including attorney fees, in the defense of the proceeding may be paid by the Cooperative by decision of the Board if the Board determines that the person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed, to the best interests of the Cooperative. However, the Corporation shall indemnify a director, officer, employee, or agent of the Corporation if: i) they are wholly successful on the merits or otherwise in the defense of any proceeding to which the person was a party because of being a director, officer, or employee of the Corporation and (ii) the court finds the person's conduct warrants indemnity.

## **Section 4. Notice**

Any indemnification of a Director in accordance with this Article shall be reported to the Members in a written report describing the proceeding and the nature and extent of such indemnification.

## **Section 5. Advances**

Reasonable expenses incurred by a Director, Officer, employee or agent who is involved in any capacity in a proceeding by reason of the position held by such person or entity in the Cooperative, may be, but are not required to be, advanced by the Cooperative prior to the final disposition of such proceeding to the full extent allowed by applicable law, as presently in effect and as hereafter amended; provided, however, that the Cooperative shall not advance any such funds unless the Director, Officer, employee or agent promises in a writing delivered to the Cooperative to repay all amounts advanced by the Cooperative in the event that it is later determined that such employee or agent is not entitled to be so indemnified, and that such party deliver security for such obligation that is acceptable to the Cooperative.

## **Section 6. Insurance**

The Cooperative shall use reasonable efforts to purchase and maintain insurance on behalf of

any person who is a Director, Officer, employee, or agent of the Cooperative against any liability incurred by such person because of such person's status, whether or not the Cooperative would have the power to indemnify such person against such liability under the provisions of this Article.

### **Section 7. Designation of Counsel**

The Board shall have the right to designate the counsel who shall defend any person or entity who may be entitled to indemnification, to approve any settlement, and to approve in advance any expense.

### **Section 8. Consistency With Applicable Law; Survival of Benefits**

The right to indemnification and limitation of liability conferred by this Article shall be interpreted to conform with and shall not create any right that is inconsistent with applicable law, as presently in effect and as hereafter amended. To the full extent allowed by applicable law (as presently in effect and as hereafter amended), the right to indemnification and limitation of liability conferred by this Article shall continue as to a person who has ceased to be a Director and shall inure to the benefit of the heirs, executors, and administrators of such a person.

### **Section 9. Non-exclusivity of Rights**

The rights conferred in this Article shall not be exclusive of any other rights which any person may have or acquire under any applicable law (as presently in effect and as hereafter amended), the Articles of Incorporation, the Bylaws, a vote of the Board or the Members of the Cooperative, or otherwise.

## **ARTICLE XI**

### **Robert's Rules of Order and Interpretation**

#### **Section 1. Robert's Rules of Order, Edition**

The Board may adopt reasonable procedures for the governance of Board and Member meetings that are not inconsistent with the Articles of Incorporation, these Bylaws and Ch. 24.06 RCW. In the absence of a Board adopted procedure, Robert's Rules of Order: 12th Edition (and successor editions then in effect), may be used as a guide to govern all meetings of the Cooperative.

## **ARTICLE XII**

### **Amendments**

#### **Section 1. Amendments to Bylaws**

These Bylaws may be repealed or amended by Member vote conducted in accordance with these Bylaws at an annual meeting, or a special member meeting convened for this purpose, and approved by no less than twenty-five (25) percent of the total Membership except that, so




long as any indebtedness is held by or guaranteed by any lender, the Members shall not have the power to change the purposes of the Cooperative so as to decrease its rights and powers under the laws of the State, or to waive any requirement of bond or other provision for the safety and security of the property and funds of the Cooperative or its Members, or to amend the Bylaws as to effect a fundamental change in the policies of the Cooperative without the prior written approval of any lenders.

**Section 2. Washington Law**

These Bylaws are subject to the Washington RCW 24.06—Nonprofit Miscellaneous and Mutual Corporations Act—and shall be interpreted so as to conform with that law, as it is interpreted and amended from time to time.

**ATTESTATION BY SECRETARY:**

These Bylaws have been approved by vote of a majority of the entire Membership and by 2/3rd of those Members voting following a meeting for which a quorum was present held on June 12, 2024. The foregoing is a true and accurate record of said Bylaws and vote of approval, attested, this 24th day of June, 2024.

  
Secretary