

By-Laws, Whidbey Island Water Systems Association – A Non-Profit Corporation

BY-LAWS

ARTICLE I Offices

The principal office of the Association in the State of Washington shall be located at such Whidbey Island address as may be designated from time to time by the Board of Directors. The Corporation may have such other offices, as the Board of Directors may designate or as the business of the Association may require from time to time.

ARTICLE II Association Business

The Association business shall consist of the following:

SECTION 1. Provide Information Focal Point. Share between members sample government required statements, forms, and reports; share between members technical and operating data from members and available from other sources. Provide a central focal point for Whidbey Island Water information.

SECTION 2. Keep Membership Informed. Keep membership current on government requirements of water purveyors and pending legislation impacting water purveyors. Keep membership informed on government and industry symposiums and technical and legislative meetings.

SECTION 3. Training. Provide a forum of training for member Water Operators, Board Members, and Owners.

SECTION 4. Provide Action Forum. Create a forum for political action and public information on Whidbey Island water issues.

SECTION 5. General. Other tasks as may be added or deleted by the Board of Directors or may be requested by a majority vote of the membership in attendance, which have voting rights, at any regular or special meeting.

Article III Rules of Order

The Rules contained in the most recent edition of Robert's Rules of Order, Revised, shall govern all meetings of members and Directors where those rules are not inconsistent with the Articles of Incorporation, By-Laws, or special rules of this corporation.

ARTICLE IV Membership

SECTION 1. Membership Classes.

* A. Purveyor. A purveyor shall be a member who supplies water to one or more Whidbey Island County residences and will have full privileges, including one vote. A purveyor shall designate their voting member and an alternate to represent them at the Association meetings. Both the voting member and/or alternate shall be a member or Employee of that Purveyor's system.

B. Associate. An associate shall consist of those who have water interests other than purveyor. They may consist of water manager, water testing laboratories, water equipment suppliers/manufactures, well drillers, septic system installers/plumbers/designers and individuals associated with government agencies. Associate members shall have full privileges.

SECTION 2. Membership Approval. The Board of Directors shall approve all memberships.

SECTION 3. Membership Annual Dues.

A. Purveyor (over 14 active hook-ups). Purveyors shall pay Two (\$2.00) dollars per active hook-up, and not to exceed Two hundred dollars. This will cover the period through the end of 2005. For the period beginning January 2006, annual dues will be determined by resolution at the previous annual meeting.

B. Purveyor (under 15 active hook-ups. Purveyors shall pay \$25.00 to cover through the end of 2005. For the period beginning January 2006, annual dues will be determined by resolution at the previous annual meeting.

C. Associate. Associate members shall pay \$25.00 to cover through the end of 2005. Thereafter, annual dues will be determined by resolution at the annual meeting.

SECTION 4. Assessments. Assessments may be charged as needed with a majority vote of the members at a general membership meeting.

SECTION 5. Member in Good Standing. A member who has paid all dues and assessments to date shall be considered a member in good standing.

SECTION 6. Certificate of Membership. Certificate representing membership in the Association shall be in such form as shall be determined by the Board of Directors. Such certificates shall be signed by the President and the Secretary/Treasurer or by such other officers authorized by law and by the Board of Directors.

ARTICLE V Meetings.

SECTION 1. General Membership Meetings. General membership meetings shall be held Quarterly during the months of March, June, September, and December, through the end of 2005. Thereafter, general membership meetings shall be held at such time and place as may from time to time be fixed or consented to by the Board of Directors or by a majority of the members of the corporation except that the "annual" membership meeting shall take place during the month of December. The December meeting shall be considered the official "annual" meeting at which time, elections shall be held, and the annual budget review shall be presented. The Board of Directors shall approve place and times of meetings. The meeting agenda shall be provided to members in advance of each meeting.

Section 2. Special Meetings. Special meetings may be called by the President with the approval of the Board of Directors or at any time, upon written request of any Director or of one-fifth or more of the members, it shall be the duty of an officer to call a special meeting of the members to be held at such time as the officer may fix, not less than 10 nor more than 35 days after receipt of said request, and if the officer shall neglect or refuse to issue such call, the Director or members making the request may do so. Special meetings shall not take the place of the regular annual meeting.

SECTION 3. Notice of Meetings. Except as may otherwise be required by statute, notice of time, place and purpose of each meeting of members, whether annual or special, shall be given, at least 10 days before the day on which the meeting is to be held, to each member of recorded entitlement to vote at such meeting, by delivering a written notice thereof to the member personally, by email or by mailing such notice to the member's address as it appears in the records of the corporation.

SECTION 4. Quorum. At all regular and special meetings of members, the presence in person of one-fifth (1/5) of all voting members shall constitute a quorum for the transaction of business, and the vote of a majority of the members present constituting such quorum shall be binding upon all members of the Association. In the absence of such a quorum, a majority of the members present and entitled to vote, may adjourn any meeting from time to time but not for a period of more than 30 days at any one time until the quorum shall attend, provided that any meeting at which Directors are to be elected shall be adjourned only from day to day until such Directors have been elected, and provided, further, that those who attend the second of such adjourned meetings, although less than a quorum, shall nevertheless constitute a quorum for the purpose of electing Directors. No notice of any adjourned meeting need be given.

***SECTION 5. Meetings by Remote Communication Means. Members may participate in any general, special or annual meeting of the membership by means of a conference telephone call or similar electronic communications equipment through which all persons participating in the meeting may hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.**

ARTICLE VI Voting

SECTION 1. Each voting member in good standing shall have one vote in all Association business.

ARTICLE VII Board of Directors

SECTION 1. Election of Directors. At the initial meeting of the Association, after incorporation, all Directors will be elected as follows:

- A. Two directors shall be elected for a one-year term,
- B. Two directors shall be elected for a two-year term,
- C. One director shall be elected to a three-year term.

Directors shall be elected to replace outgoing Directors at each annual meeting.

SECTION 2. General Powers. The government of this corporation shall be in the Board of Directors, which Board shall be empowered to take any action, not inconsistent with statute or with the Articles of Incorporation or any amendment thereto, or with the By-Laws, which such Board deems to be in the best interests of this corporation. Among other things, the Board of Directors shall have the full power to establish reasonable rules and regulations for the use and protection of Association property, compliance with such rules and regulations to be a condition of continued membership in this corporation. Provided, however, that the Board of Directors shall ~~make no change in policy with respect to the administration of the affairs of the corporation without approval, which may be by mailed or emailed ballot, of a majority of the corporation membership. Specific actions requiring such membership approval include but are not limited to the following actions:~~ **not take any of the following actions without first obtaining approval of the majority of the members present at a membership meeting at which a quorum is present:*

- A. ~~Approve E~~ expenditures exceeding gross revenue from dues, and assessments, ~~contributions, donations, grants and bequests; for a single service or item;~~
- B. ~~Make A~~ additions, deletions or changes to the corporation's ~~Articles of Incorporation or~~ By-Laws;
- C. Sale or lease of corporation assets with a worth exceeding \$200.00;
- D. ~~Make E~~ changes in the amount of annual dues or assessments of any kind:

*SECTION 3. Number, Term and Qualifications. The minimum number of Directors of the Association shall be five and the maximum number of Directors shall be eleven, the specific number to be set by resolution of the Board, provided that no decrease in the number shall have the effect of shortening the term of any incumbent Director, and provided that the number of Directors set by Board resolution shall be an odd number. Unless a Director dies, resigns or is removed, the term of the Director shall be three years or until their successor is elected, whichever is later. However, whenever the existing number of Directors is increased, the initial terms of the additional Directors shall be set so that their terms are staggered to the extent possible. Directors shall be at least eighteen years of age and Whidbey Island Water Systems Association members in good standing. Directors shall be elected by a majority vote of those eligible to vote and in attendance ~~or by proxy~~ at the annual members meeting. Each Director shall sign the Association's "CODE OF ETHICS".

SECTION 4. Regular Meetings. A regular meeting of the Board of Directors shall be held without other notice than this by-law, immediately following, and at the same place as, the annual membership meeting. The Board of Directors may provide, by resolution, the time and place for the holding of additional regular meetings without notice, other than such resolution distributed to the members verbally or in writing.

SECTION 5. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President or any two Directors. The person or persons authorized to call special meetings of the Board of Directors may fix the time and place for holding any special meeting of the Board of Directors.

SECTION 6. Special Meeting Notice. Notice of any special meeting shall be given at least one (1) week previous by written notice delivered personally or mailed or emailed to each director at his business address. If mailed, such notice shall be deemed to be delivered when postmarked by the US Mail so addressed, with postage thereon prepaid. If notice is given by E-mail, notice shall be deemed to be delivered when it leaves the E-mail location with indication that the receiving E-mail made the reception. If a Director receives a telephone message of a special meeting, he/she may agree to waive the written notice by verbal statement. Attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of business because the meeting is not lawfully called or convened. Meeting notice shall contain the agenda for the meeting.

SECTION 7. Quorum. A simple majority of Directors in office at the time shall constitute a quorum for the transaction of business; and, except as otherwise required by statute or by the Articles of Incorporation or any amendments thereto, or by the By-Laws, the act of a majority of the Directors present shall be the act of the Board of Directors. In the absence of a quorum, no transactions of business shall take place, however one or two Directors may hold discussions and report such discussions and comments at the next meeting where there is a Quorum.

SECTION 8. Manner of Acting. The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

SECTION 9. Action Without a Meeting. Any action that may be taken by the Board of Directors at a meeting may be taken without a meeting if a consent by phone or e-mail polling is taken and followed in writing, setting forth the action so to be taken, shall be signed before such action by all the Directors, and postmarked or e-mailed within 24 hours.

SECTION 10. Vacancies. Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining Directors, unless otherwise provided by law. A Director appointed to fill a vacancy shall be appointed by the Board of Directors, and each person so appointed shall be a Director until said Directors' successor is elected by the members who may make such election at the next annual meeting of the members or at any special meeting duly called for that purpose and held prior thereto. Any Directorship to be filled by reason of an increase in the number of Directors may be filled by a majority vote from members authorized to vote who are attending any annual or special membership meeting. By a majority vote, Directors may declare a Directorship vacancy to exist on the board upon any Board member having three unexcused absences from the Board of Directors meetings, or notification of the Board by the Director of their inability to continue serving.

SECTION 11. Compensation. By resolution of the Board of Directors, each Director may be paid their expenses. No salary as Director or a fixed sum for attendance at each meeting of the Board or both will be paid. No such payment shall preclude any Director from serving the Association in any other capacity and receiving compensation therefore.

ARTICLE VIII Officers

SECTION 1. Officers. The officers of the Association shall be a President, a Vice-President, a Secretary and a Treasurer. The offices of Secretary and Treasurer may be combined at the Board of Directors' discretion. The Board of Directors shall elect the Officers at the annual Board Meeting, along with any other officer or assistant officer positions as deemed necessary by the Board. The Board of Directors may leave unfilled any officer positions with the exception of the President and the Secretary/Treasurer positions.

SECTION 2. Election and Term of Office. The officers of the Association to be elected by the Board of Directors shall be elected annually by the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the membership if the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as convenient.

SECTION 3. Removal. Any officer or agent may be removed by the Board of Directors, whenever, in its judgment, the best interests of the Association will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights, and such appointments shall be terminable at the will of the Board of Directors.

SECTION 4. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

SECTION 5. President. The President shall be the principal executive officer of the Association and subject to the control of the Board of Directors, shall in general supervise all of the business and affairs of the Association. The President, when present, shall preside at all meetings of the membership and of the Board of Directors. The President may sign with the Secretary and/or Treasurer or any other proper officer of the Association thereunto authorized by the Board of Directors, certificates for members of the Association, any

deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws of some other office or agent of the Association, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of the President and such other duties as may be prescribed by the Board of Directors from time to time.

SECTION 6. Vice- President. In the absence of the President or in the event of their, inability or refusal to act, the Vice-President shall perform the duties subject to all the restrictions upon the President. The Vice-President shall perform such other duties as from time to time may be assigned to him by the President or by the board of Directors.

SECTION 7. Secretary. The Secretary shall:

- A. Keep the minutes of the proceedings of the association and of the Board of Directors in one or more minute books provided for that purpose;
- B. See that all notices are duly given in accordance with the provisions of these Bylaws or as required by law;
- C. Be custodian of the Association records;
- D. Keep a register of the contact information of each member which shall be furnished to the Secretary by such member of the Association.
- E. And, in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned by the President or by the Board of Directors.

SECTION 8. Treasurer. The Treasurer shall:

- A. Have charge and custody of and be responsible for all funds and securities of the Association;
- B. Receive and give receipts for moneys due and payable to the Association from any source whatsoever;
- C. Deposit all such moneys in the name of the Association in such bank, trust companies or other depositories as shall be selected by the Board of Directors.
- D. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his/her duties in such sum and with such sureties as the Board of Directors shall determine;
- E. Have general charge and custody of the books of the Association.
- F. And, in general perform all duties incident to the office of Treasurer and such other duties as from time to time may be assigned by the President or by the Board of Directors.

SECTION 9. Combining Offices. Any two or more offices may be held by the same person, except for the offices of President. The Secretary and Treasurer Offices may be combined at the discretion of the Board of Directors.

SECTION 10. Salaries. The officers of the Association shall serve without a salary. Expenses shall be reimbursed, as authorized by the Board of Directors.

*ARTICLE IX Contracts, Loans, Checks and Deposits

SECTION 1. Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association and such authority may be general or confirmed to specific instances.

SECTION 2. Loans. No loans shall be contracted on behalf of the Association. No evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors and voted on by two thirds of the membership present at the meeting. Such authority may be general or confined to specific instances. Any expenditure, which would be in excess of accrued monies in the bank, will be reviewed and approved by two-thirds of the voting membership either in person or by proxy ballot at a membership meeting at which a quorum is present. ~~Proxy ballots will be provided not less than 7 days in advance of the meeting.~~

SECTION 3. Checks, Drafts, etc. All checks, drafts, or other orders for the payment of money, notes or other evidence of indebtedness issued in the name of the Association shall be signed by such officer or officers, that shall from time to time be determined by resolutions of the Board of Directors. All checks, drafts or other orders shall require two signatures of the Board of Directors.

SECTION 4. Deposits. All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association in such banks, trust companies or other depositories as the Board of Directors may select.

ARTICLE X Fiscal Year

The fiscal year of the Corporation shall begin on the first day of January and end on the thirty-first day of December.

ARTICLE XI Indemnification

The Association shall indemnify its Directors and Officers as follows:

A) Every Director or officer of the Association shall be indemnified by the Association against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed in connection with any proceeding to which they may be made a party, or in which they may become involved, by reason of their being or having been a Director, officer or agent of the Association or is or was serving at the request of the Association as a Director, officer or agent of the Association or any settlement thereof, whether or not as a Director, officer or agent at the time such expenses are incurred, except in such cases wherein the Director or officer is adjudged guilty of willful misfeasance or malfeasance in performance of duties; provided that in the event of a settlement the indemnification herein shall apply only when the Board of Directors approves such settlement and reimbursement as being for the best interests of the Association.

B) The Association shall provide to any person who is or was a Director, officer or agent of the Association or is or was serving at the request of the Association as a Director, officer, or agent of the Association the indemnity against expenses of suit, litigation or other proceedings that are specifically permissible under applicable law.

C) The Board of Directors may, in its discretion, direct the purchase of liability insurance by way of implementing the provisions of the Article.

*ARTICLE X II Amendments

These By-Laws may be amended, altered, or repealed by a majority vote of the members present at any regular meeting of the membership with a quorum in attendance ~~or by proxy~~, or at any special meeting of membership with a quorum in attendance ~~or by proxy~~, if notice of the proposed alteration or amendment is contained in the notice of the special or regular meeting.

CERTIFICATION

We certify that we are Officers of the above-named corporation and that we are authorized to execute this/ these By-Laws on behalf of the corporation.

President _____ Date _____

Vice-President _____ Date _____

Secretary _____ Date _____