

*Water Cooperative of Washington*  
Governing Documents

Summary:

- Water Cooperative of Washington will be a member owned, not for profit entity
- One membership entitles owner to water service for 1 dwelling on one land parcel.
- 1 membership = 1 vote in all elections and ballot measures
- New members pay a onetime membership fee; 50% of membership fee cost is refundable upon separation.
- All operational functions will be performed under contract by Utility Management Group Ltd.
- Members are not individually responsible for debts or liabilities of the cooperative
- Member must agree to operate within the rules and regulations of the system

Governing documents:

1. Bylaws
2. Articles of incorporation
3. Water Users agreement

**The objective of the WATER COOPERATIVE OF WASHINGTON  
is to serve its members by providing water service  
that is efficient, economical and adequate**

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**BYLAWS**

**ARTICLE I - MEMBERS**

**Section 1.** Any person owning, leasing or possessing real property in the service area designated by the Board of Directors and desiring to become a member of the cooperative and receive water service from it by connection to its physical system is eligible for membership and may apply. Such applicant may become a member upon approval of his/her application, agreeing to be bound by the articles of incorporation, bylaws, tariffs and rules of the cooperative, together with any future amendments thereto, and payment of the current fee.

**Section 2. Qualifications and Obligations**

Any person, partnership or corporation may become a member in the cooperative by:

- (a) Signing and submitting an application for membership form
- (b) Paying the membership fee hereinafter specified or as adopted by the Board of Directors;
- (c) Agreeing to purchase from the cooperative water as hereinafter specified; and
- (d) Agreeing to comply with and be bound by the articles of incorporation, bylaws, tariffs and rules of the cooperative and any future amendments thereto.

No person, partnership, corporation or body politic shall become a member unless and until he or it has been accepted for membership by the Board of Directors. Approval of applications for membership shall be at the discretion of the Board of Directors, which discretion shall not be exercised in an arbitrary or discriminatory manner. A husband or wife, in becoming a member, shall automatically have a joint tenancy membership with right of survivorship, unless otherwise designated by them at the time he or she becomes a member. This provision is not intended to have any effect on the community property rights of said married couple. In the event of dissolution of the marital community between a husband and wife, the membership will follow the property and the person awarded the property in any decree of dissolution, in absence of which the membership will be awarded to that member of the former marital community who resides upon or has control of such real property.

**Section 3. Membership Fee.** The membership fee shall be set by The Board of Directors. Upon approval of the membership application by the Board of Directors and payment of the membership fee, the member shall be eligible for service.

**Section 3.1 Refund of membership fee upon termination**

Upon termination, withdrawal or expulsion, a member may request a refund of a portion of the membership fee. The refund amount will be 50% of the amount the member originally paid for the membership without interest or inflation increase. The amount of the refund may be reduced by any amounts owed by the member at the time of withdrawal.

**Section 4. Purchase of Water.** Each member shall, as soon as Water is available, pay a monthly charge to the cooperative at rates which shall from time to time be fixed by the Board of Directors. This monthly fee shall be paid whether or not the member actually uses any of said available water. The member shall also pay a per gallon fee for water actually used. The amount of the monthly charge and per gallon charge shall be determined by the Board of Directors. The water which the cooperative shall furnish to any member may be limited to such an amount as the Board of Directors shall from time to time determine.

The cooperative reserves the right to discontinue service to any member who has not paid the amounts owed by the member within ninety (90) days of the date said amounts were due. The cooperative may also take other appropriate measures as it deems necessary which measures may include, but are not limited to a monthly penalty fee and the suspension of voting and other membership privileges until the amount due is paid in full.

In addition to the remedies set forth in the preceding paragraph, the cooperative shall have a lien on the property of any member who has failed to pay monthly charges or per gallon fees for ninety days or more, and the cooperative may record such lien with San Juan County. Said lien may be enforced by the cooperative under the laws of the State of Washington, and, in the event of foreclosure of any such lien, the member shall be liable for the cooperative's costs and expenses incurred in the foreclosure process, including but not limited to reasonable attorney fees. The right to foreclose on a lien is not the exclusive remedy available to the cooperative, and the cooperative may, in addition to or in place of foreclosure, exercise all of its legal remedies.

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**Section 5. NonLiability for Debts of the Cooperative.** The private property of the members of the cooperative shall be exempt from execution for the debts of the cooperative, and no member shall be individually liable or responsible for any debts or liabilities of the cooperative.

**Section 6. Expulsion of Members.** The Board of Directors of the cooperative may, by unanimous vote, expel any member who has violated and refuses to comply, after being given reasonable time to do so, with any of the provisions of the articles of incorporation, the bylaws, the tariff or any rules or regulations adopted from time to time by the Board of Directors or any future amendments thereto. Any member so expelled may be reinstated as a member by a vote of the general members at any annual or special meeting of the members. The action of the members with respect to any such reinstatement shall be final. "Reasonable time" shall be defined as 60 days or as approved by the Board of Directors

**Section 7. Withdrawal of Membership.** Any member may withdraw from membership with thirty (30) days written notice to the cooperative. The withdrawing member shall be responsible for payment in full of all debts and liabilities of such member to the cooperative and compliance with such terms and conditions as the Board of Directors may prescribe. Failure to pay all amounts due within ninety (90) days of withdrawal shall entitle the cooperative to withhold said amounts from any refund due the withdrawing member.

**Section 8. Transfer and Termination of Membership.**

(a) A membership may be transferred by a member to himself or herself and his or her spouse, as the case may be.

(b) When a membership is held jointly by a husband and wife, upon the death of either, such membership shall be deemed to be held solely by the survivor with the same effect as though such membership had been originally issued solely to him or her, as the case may be, provided, however, that the estate of the deceased shall not be released from any membership debts or liabilities to the cooperative.

(c) On the sale of any property served by the cooperative, the selling member's membership may be transferred to the new owners.

**Section 9. New Classes of Memberships.** The Board of Directors, by majority vote of the board, may adopt, by resolution, additional classes of memberships, together with the rights, responsibilities and duties of such additional classes of members.

**Section 10. Removal of Directors and Officers.** Any member may bring charges of malfeasance or misfeasance against an officer or director by filing said charges in writing with the secretary, together with a petition signed by seventy five percent (75%) of the members, requesting the removal of the officer or director in question. The removal shall be voted upon at the next regular or special meeting of the members, and any vacancy created by such removal may be filled by a vote of the members at such meeting. The director or officer against whom such charges have been brought shall be immediately informed in writing of the charges and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence; and the person or persons bringing the charges against him shall have the same opportunity. The members may, at any meeting at which a director or directors is or are removed, as hereinafter provided, elect a successor or successors.

## **ARTICLE II - MEETING OF MEMBERS**

**Section 1. Annual Meeting.** The annual meeting of the members shall be held on a date selected by the directors each year, at such place as the directors shall designate, for the purpose of electing directors and transacting such other business as shall come before the meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the cooperative.

**Section 2. Special Meetings.** Special meetings of the members may be called by at least three (3) directors or the president, or upon a written request signed by at least seventy five percent (75%) of all the members entitled to vote, and it shall thereupon be the duty of the secretary to cause notice of such meeting to be given as hereinafter provided.

**Section 3. Notice of Members' Meetings.** Written notice stating the place, day and hour of the meeting, and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered

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personally, electronically or by mail, at the direction of the secretary, to each member. Such notice shall be delivered to the members not less than ten (10) nor more than fifty (50) days before the date of the meeting. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting. Each member shall be responsible to provide advance written notice to the cooperative of any address change.

**Section 3.1** Notice by electronic means, including but not limited to e-mail transmissions, shall be effective only with respect to members who have consented, in the form of a written record, to received electronically transmitted notices of any membership meetings. A member who provides such consent shall designate in the consent the message format accessible to the recipient as well as the address, location or system to which notices may be electronically transmitted. A member may revoke his or her consent to receive electronically transmitted notices at any time by delivering a revocation to the cooperative in the form of a written record. Written notice of consent and revocation may be by electronic transmission.

**Section 3.1** The consent of any member shall be considered revoked if the cooperative is unable to electronically transmit two consecutive notices given by the cooperative in accordance with the consent and the inability to transmit becomes known to the secretary of the cooperative or other person responsible for giving the notice. The inadvertent failure by the cooperative to treat this inability as a revocation shall not invalidate any meeting or other action.

**Section 3.2** If provided by mail, notice of any membership meeting shall be deemed to be delivered when deposited in the U.S. mail addressed to the member at his or her address as it appears on the records of the cooperative, with postage thereon prepaid. If delivered personally to a member, notice of such meeting shall be effective when received by the member. Notice provided in an electronic transmission is effective when it is electronically transmitted to an address, location or system designated by the recipient for that purpose and is made pursuant to the consent provided by the recipient.

**Section 4. Quorum.** At least 51% of members present in person or by proxy shall constitute a quorum for the transaction of business at all meetings of the members.

**Section 5. Voting.** Each member shall be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members. At all meetings of the members at which a quorum is present, all questions shall be decided by a vote of a majority of the members voting thereon in person or by proxy. If a husband and wife hold a joint membership, they shall jointly be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members.

**Section 6. Voting by Members Absent from Meeting.** Any member who is absent from any meeting of the members may have his or her votes cast by an agent appointed by proxy or by electronic transmission.

**Section 6.1** Proxies must be in writing and filed in advance with the secretary. The secretary will prepare a proxy form acceptable to the board of directors for this purpose. In the event any member files a proxy and then comes in person to a meeting, the voting authority shall revert back to the member for the time he or she is present. No proxy shall be valid after eleven months from the date of its execution unless otherwise provided in the proxy.

**Section 6.2** Votes may be taken by electronic transmission if the name of each candidate to be elected by the members and the text of each proposal to be voted on by the members are set forth in a record accompanying or contained in the notice of the meeting. Members who choose to vote electronically shall transmit their ballots to the cooperative at the address designated by the cooperative in the notice of the meeting. Members voting by electronic transmission are considered to be present for all purposes of establishing a quorum, counting of votes and percentages of total voting power present.

**Section 7. Order of Business.** The order of business at the annual meeting of the members, and, so far as possible, at all other meetings, shall be essentially as follows:

1. Call of the roll;
2. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.

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3. Reading of unapproved minutes of previous meetings of the members taking necessary action thereon;
4. Presentation and consideration of, and acting upon, reports of officers, directors and committees;
5. Election of directors;
6. Unfinished business;
7. New business;
8. Adjournments.

**Section 8. Robert's Rules of Order.** The most recent edition of Robert's Rules of Order shall serve as the governing rules for any official meeting of the members.

### **ARTICLE III - DIRECTORS**

**Section 1. General Powers.** The business and affairs of the cooperative shall be managed by a board of three (3) directors which shall exercise all of the powers of the cooperative except such as are by law or by the articles of incorporation of the cooperative or by these bylaws conferred upon or reserved to the members.

**Section 2. Qualifications and Tenure.**

No member shall be eligible to become or remain a director of the cooperative who is not an active member in good standing. When one membership is held jointly by a husband and wife, either one, but not both, may be elected a director.

Terms shall run 8 years

**Section 3. Vacancies.** A vacancy occurring in the Board of Directors shall be filled by appointment by the remaining directors, and a director thus appointed shall serve for the unexpired portion of the term.

**Section 5. Compensation.** Directors as such shall not receive any salary for their services, but by resolution of the Board of Directors, a fixed sum and expenses of attendance, if any, may be allowed for serving as a director at meetings on behalf of the cooperative.

**Section 6. Rules and Regulations.** The Board of Directors shall have power to make and adopt such rules and regulations, not inconsistent with law, the articles of incorporation of the cooperative or these bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the cooperative.

**Section 7. Accounting System.** The Board of Directors shall cause to be established and maintained an accounting system, which, among other things, subject to applicable laws and rules and regulations of any regulatory body, shall conform to general accounting standards.

### **ARTICLE IV - MEETINGS OF DIRECTORS**

**Section 1. Regular Meetings.** A regular meeting of the Board of Directors shall also be held as needed at such time and place as the Board of Directors may decide. Such regular monthly meetings may be held without notice other than fixing the time and place thereof. If notice is to be provided, it may be provided to directors personally, by mail or by electronic transmission.

**Section 1.1** Notice by electronic means, including but not limited to e-mail transmissions, shall be effective only with respect to directors who have consented, in the form of a written record, to received electronically transmitted notices of any directors meetings. A director who provides such consent shall designate in the consent the message format accessible to the recipient as well as the address, location or system to which notices may be electronically transmitted. A director may revoke his or her consent to receive electronically transmitted notices at any time by delivering a revocation to the cooperative in the form of a written record. Written notice of consent and revocation may be by electronic transmission.

**Section 1.2** The consent of any director shall be considered revoked if the cooperative is unable to electronically transmit two consecutive notices given by the cooperative in accordance with the consent and the inability to transmit becomes known to the secretary of the cooperative or other

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person responsible for giving the notice. The inadvertent failure by the cooperative to treat this inability as a revocation shall not invalidate any meeting or other action.

**Section 1.3** If provided by mail, notice of any directors meeting shall be deemed to be delivered when deposited in the U.S. mail addressed to the director at his or her address as it appears on the records of the cooperative, with postage thereon prepaid. If delivered personally to a director, notice of such meeting shall be effective when received by the director. Notice provided in an electronic transmission is effective when it is electronically transmitted to an address, location or system designated by the recipient for that purpose and is made pursuant to the consent provided by the recipient.

**Section 2. Quorum.** A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors.

**Section 2.1** Voting by electronic transmission, including but not limited to e-mail transmission, may from time to time be conducted by the Board of Directors providing that: (1) a quorum of directors is present to hear one another's views at a meeting or telephone conference; and (2) the vote by electronic transmission is unanimous. A less than unanimous vote by way of electronic transmission is not a valid action of the Board of Directors of the cooperative.

## **ARTICLE V - OFFICERS**

**Section 1. Number.** The officers of the cooperative shall be a president, vice president, secretary / treasurer, and such other officers as may be determined by the Board of Directors from time to time.

**Section 2. Vacancies.** Except as otherwise provided in these bylaws, a vacancy in any office may be filled by the Board of Directors for the unexpired portion of the term.

**Section 3. President.** The president:

- (a) shall be the principal executive officer of the cooperative and shall preside at all meetings of the members and of the Board of Directors; and
- (b) shall sign with the secretary any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by these bylaws to some other officer or agent of the cooperative, or shall be required by law to be otherwise signed or executed
- (c) in general shall perform all duties incident to the office of president and such other duties as may be prescribed by the Board of Directors from time to time.

**Section 4. Vice President.** In the absence of the president, or in the event of his inability or refusal to act, the vice president shall perform the duties of the president and, when so acting, shall have all the powers of and be subject to all the restrictions upon the president and shall perform such other duties as from time to time may be assigned to him by the Board of Directors.

**Section 5. Secretary.** The secretary shall:

- (a) keep the minutes of the members and the Board of Directors in one or more books provided for that purpose;
- (b) see that all notices are duly given in accordance with these bylaws or as required by law;
- (c) be custodian of the corporate records;
- (d) keep a register of the address of each member;
- (e) have general charge of the books of the cooperative in which a record of the members are kept;
- (f) keep on file at all times a complete copy of the bylaws of the cooperative containing all amendments thereto, which copy shall always be open to the inspection of any member, and at the expense of the cooperative, forward a copy of the bylaws and of all amendments thereto to each member; and
- (g) in general, perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him by the Board of Directors;
- (h) The secretary or the Board of Directors may delegate to another or others

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any of the duties hereinbefore assigned to this officer.

**Section 6. Treasurer.** The treasurer shall:

(a) have charge and custody of and be responsible for all funds and securities of the cooperative;

(b) in general, perform all duties incident to the office of treasurer and such other duties as from time to time may be assigned to him by the Board of Directors.

(c) the treasurer or the Board of Directors may delegate to another or others any of the duties hereinbefore assigned to this officer.

**Section 7. Manager.** The Board of Directors may contract the day to day operation and management of the assets of the cooperative to an outside individual or corporation who shall serve at the pleasure of the board and who may be, but who shall not be required to be, a member of the cooperative. The manager shall perform such duties as the Board of Directors may from time to time require of him or her and shall have such authority as the Board of Directors may from time to time vest in him or her.

**Section 8. Bonds of Officers.** The Board of Directors may require any officer, agent or employee of the cooperative to give bond in such amount and with such surety as the Board of Directors shall determine, the premium for which will be paid by the cooperative.

**Section 9. Compensation.** The compensation, if any, of any officer or director shall be fixed by the Board of Directors.

**Section 10. Reports.** The officers of the cooperative shall submit at each annual meeting of the members reports covering the business of the cooperative for the previous fiscal year and showing the condition of the cooperative at the close of such fiscal year.

**Section 11. Indemnification Against Liability.** Each person who, as an officer or director of the cooperative, is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal or administrative, by reason of the fact that he or she is or was a director or officer of the cooperative, shall be indemnified and held harmless by the cooperative to the fullest extent authorized by Washington law as the same exists or may hereafter be amended, against all expense, liability and loss, including but not limited to attorneys fees, judgments, fines, taxes or penalties, or amounts paid in settlement reasonably incurred or suffered by such indemnities in connection therewith, and such indemnification shall continue as to an indemnitee who has ceased to be a director or officer and shall inure to the benefit of the indemnities estate, heirs and personal representatives. The right to indemnification conferred in this article shall be a contract right and shall include the right to be paid by the cooperative the expenses incurred in defending any such proceeding in advance of its final disposition.

**Section 12. Right of Indemnities to Bring Suit.** If a claim under Section 13 of this Article is not paid in full by the cooperative pursuant to the cooperative's determination that indemnification of the director or officer is precluded pursuant to Section 14 of this Article, the indemnities shall, upon the expiration of sixty (60) days after a written claim has been received by the cooperative, be entitled to bring suit against the cooperative to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the cooperative to recover advancement of expenses pursuant to the terms of an undertaking, the indemnities shall also be entitled to be paid the expenses of prosecuting or defending such suit.

**Section 13. Insurance.** The cooperative may maintain insurance at its expense to protect itself and any director, officer, employee or agent of the cooperative.

**Section 14. Indemnification of Employees and Agents.** The cooperative may, by action of its Board of Directors, provide indemnification, including advance of expenses to an officer, employee or agent of the cooperative, to the extent that such indemnification is consistent with the laws of the State of Washington.

## **ARTICLE VI - BOOKS AND RECORDS**

**Books of Account, Minutes and Member Register.** The cooperative shall keep

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at its principal office the following: current articles of incorporation and bylaws; a record of members, including names, addresses and classes of membership, if any; correct and adequate records of accounts and finances; a record of officers' and directors' names and addresses; minutes of the proceedings of the members, if any, the Board of Directors, and any minutes which may be maintained by a committee of the Board of Directors. Records may be written or electronic, if capable of being converted to writing. The records shall be opened at any reasonable time to inspection by any member of more than three (3) months standing or a representative of more than five percent (5%) of the members. Costs of inspecting or copying shall be borne by such member except for costs for copies of articles of incorporation or bylaws. Any such member must have a purpose for inspection reasonably related to membership interests. Use or sale of members' lists by such member, if obtained by inspection, is prohibited.

## **ARTICLE VII - CONTRACTS, CHECKS AND DEPOSITS**

**Section 1. Contracts.** Except as otherwise provided in these bylaws, 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 and on behalf of the cooperative, and such authority may be general or confined to specific instances.

**Section 2. Checks, Drafts, etc.** All checks, drafts, or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the cooperative shall be signed by such officer or officers, agent or agents, or employee or employees of the cooperative and in such manner as shall from time to time be determined by the Board of Directors.

**Section 3. Deposits.** All funds of the cooperative shall be deposited from time to time to the credit of the cooperative in such bank or banks as the Board of Directors may select.

## **ARTICLE VIII - NONPROFIT OPERATION**

**Section 1. Interest or Dividends on Capital Prohibited.** The cooperative shall at all times be operated on a cooperative non-profit basis for the mutual benefit of its members. No dividends shall be paid or payable by the cooperative to members. This article does not however prohibit a member loaning money to the cooperative and charging interest as mutually agreed and approved by the Board of Directors.

**Section 3. Binding Effect of Articles of Incorporation, Bylaws, Tariffs and Rules of the Cooperative.** All members of the cooperative, by dealing with the cooperative, acknowledge that the terms and provisions of the articles of incorporation, bylaws, tariffs and rules of the cooperative and any future amendments thereof, shall constitute and be a contract between the cooperative and each member, and both the cooperative and such members are bound by such contract, as fully as though each member had individually signed a separate instrument containing such terms and provisions.

## **ARTICLE IX - WAIVER OF NOTICE**

Any member or director may waive, in writing, any notice of meetings required to be given by these bylaws.

## **ARTICLE X - DISPOSITION OF PROPERTY**

**Section 1. Sale or Transfer.** The cooperative may not sell or transfer or otherwise dispose of any of its property other than property which in the judgment of the Board of Directors neither is nor will be necessary or useful in operating and maintaining the cooperative system.

**Section 2. Borrowing Authority.** The Board of Directors, without authorization

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by the members, shall have full power and authority to borrow money for the purpose of financing its members' programs, projects and undertakings in which the cooperative holds membership, and in connection with such borrowing, to authorize the making and issuance of bonds, notes or other evidence of indebtedness and to secure the payment thereof, to authorize the execution and delivery of a mortgage or mortgages, or a deed or deeds of trust upon, or the pledging or encumbering of any or all of the property, assets, rights, privileges, licenses, franchises and permits of the cooperative, whether acquired or to be acquired, and wherever situated, all upon such terms and conditions as the Board of Directors shall determine.

**ARTICLE XI - FISCAL YEAR**

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

**ARTICLE XII - MEMBERSHIP IN OTHER ORGANIZATIONS**

The cooperative may become a member of such other organizations as the Board of Directors determines will be beneficial.

**ARTICLE XIV - AMENDMENTS**

**Section 1. Board Initiated Amendments.** These By-Laws may be altered, amended, repealed or added to by an affirmative vote of not less than two-thirds (2/3) of the members of the Board of Directors. Notice of the board's action in making, altering, amending or repealing the bylaws or adopting new bylaws shall be given to the voting members within thirty (30) days of such action.

**Section 2. Member Initiated Amendments.** Voting members may propose changes to the bylaws as follows:

- (a) **Bylaw Amendments Proposed by Members.** Any group of seventy five percent (75%) or more voting members may propose, in writing, a resolution to make, alter, amend or repeal a bylaw or to adopt new bylaws. Any such proposed resolution must be submitted to the Board of Directors no less than ninety (90) days prior to the date of the next annual meeting of the members, as described in Article II, Section 1 of the Bylaws.
- (b) **Review by Directors.** After review by the directors, the proposed amendment to the bylaws shall be placed upon the agenda of the annual meeting of the members, and notice of the proposed amendment shall be provided to the members
- (c) **Voting on Proposed Amendment.** Any proposed amendment shall be voted upon at the annual meeting of the members. Voting shall be in accordance with Article II, Sections 5 and 6 of the Bylaws. Any proposed amendment receiving a an affirmative vote of not less than two-thirds of the membership shall be approved.

**ARTICLES OF INCORPORATION  
OF THE WATER COOPERATIVE OF WASHINGTON**

**ARTICLE I - NAME**

The name of this corporation shall be WATER COOPERATIVE OF WASHINGTON

**ARTICLE II - OBJECTS AND PURPOSES**

The purposes for which the corporation is formed are as follows:

- (a) to generate, manufacture, purchase, acquire and accumulate water for its members or for such other persons as allowed by law and to transmit, distribute, furnish, sell and dispose of such water to its members or to such other persons as allowed by law, and to construct, erect, purchase, lease as lessee and in any manner acquire, own, hold, maintain, operate, sell, dispose of, lease as lessor, exchange and mortgage plants, buildings, works, machinery, supplies, apparatus, equipment and electric transmission and distribution lines or systems necessary, convenient or useful for carrying out and accomplishing any or all of the foregoing purposes;
- (b) to acquire, own, hold, use, exercise, and, to the extent permitted by law, to sell, mortgage, pledge and in any manner dispose of franchises, rights, privileges, licenses, rights of way and easements necessary, useful or appropriate to accomplish any or all of the purposes of the corporation;
- (c) to purchase, receive, lease as lessee, or in any other manner acquire, own, hold, maintain, use, convey, sell, lease as lessor, exchange, mortgage, pledge or otherwise dispose of any and all real and personal property or any interest therein necessary, useful or appropriate to accomplish any or all of the purposes of the corporation;
- (d) Purchase acquire, lease, sell, distribute, install and repair electrical and plumbing appliances, fixtures, machinery, supplies, apparatus and equipment of any and all kinds and character (including, without limiting the generality of the foregoing, such as are applicable to water supply and sewage disposal) and to receive, acquire, endorse, pledge, guarantee, hypothecate, transfer or otherwise dispose of notes and other evidences of indebtedness and all security therefore;
- (e) to borrow money, to make and issue bonds, notes and other evidences of indebtedness, secured or unsecured;
- (f) to accept into membership in this corporation persons, firms, partnerships, corporations and associations, municipal corporations, school districts, or any political subdivision of the United States, the State of Washington, or any county thereof, under the terms and provisions set forth in the bylaws of the corporation;
- (g) to accept gifts of any kind of property, either real or personal;
- (i) to have and enjoy all the powers and privileges as provided under Chapter 24.06 RCW.
- (h) to have and exercise all powers and rights authorized by law for nonprofit corporations under Chapter 24.06 RCW, whether or not related to the acquisition and/or distribution of water

**ARTICLE III - REGISTERED OFFICE  
AND REGISTERED AGENT**

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The address of the registered office of the corporation shall be PO Box 683, Lopez WA 98261  
The name of the initial registered agent of the corporation at such address shall be Steven Cade.

**ARTICLE IV - DURATION**

The duration of this corporation shall be perpetual.

**ARTICLE V**

The number of directors constituting the Board of Directors of the corporation shall be three (3). The names and addresses of the persons who are now serving as the directors of the corporation are as follows:

Director, Linda Curtis  
C/O Utility Management Group Ltd.  
PO Box 683  
Lopez WA 98261

Director, Jerry Hancock  
C/O Utility Management Group Ltd.  
PO Box 683  
Lopez WA 98261

Director, Dianna Hancock  
C/O Utility Management Group Ltd.  
PO Box 683  
Lopez WA 98261

**ARTICLE VI - CAPITAL STOCK**

The corporation is formed not for profit and shall have no capital stock.

**ARTICLE VII**

**Section 1.** There shall be one class of memberships called "Members", as hereinafter defined, and such other classes of memberships as shall be established by resolution of the Board of Directors. Any person, firm, partnership, corporation, limited liability company, or political subdivision of the United States, the State of Washington or any county therein may become a member of any class of membership upon meeting the qualifications therefore as hereinafter set forth or as prescribed by the Board of Directors, and upon acceptance by this corporation of their application for membership.

Members. Any person residing and/or owning, leasing or possessing real property within the service area as designated by the Board of Directors, and desiring to become a member of the corporation and receive water and service from it by connection to its physical system may apply for membership in the corporation. An applicant may, at the discretion of the Board of Directors, become a member upon approval of his/her application, agreeing to be bound by the articles of incorporation, bylaws, tariffs and rules of the corporation, together with any future amendments thereto, and payment of the current fee fixed by the Board of Directors. The discretion of the Board of Directors in approving or disapproving membership in the corporation shall not be exercised arbitrarily or in a discriminatory manner.

**Section 2.** Each member shall be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members and at all meetings of the members at which a quorum is present, all questions shall be decided by a vote of a majority of the members present in person or voting by absentee ballot.

**Section 3.** The bylaws of the corporation may define and fix the duties and

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responsibilities of the members and prescribe such other terms and conditions upon which members shall be admitted to membership in the corporation not inconsistent with these articles of incorporation or the act under which the corporation is organized.

**Section 4.** The private property of the members of the corporation shall not be subject to the payment of, and no member shall be individually responsible for, corporate debts to any extent whatever and the corporation shall not make any assessment against any member of the corporation without his consent thereto in writing; provided, however, that nothing herein contained shall release a member from his or its debts or liabilities to the corporation for water used by such member or for goods purchased from the corporation.

**ARTICLE VIII - DISTRIBUTION OF SURPLUS**

The corporation shall hold surplus funds in reserve in accordance with the provisions contained in the bylaws of the cooperative.

**ARTICLE IX - LIQUIDATION OR SALE**

In the event the corporation is dissolved or sold, the net assets shall be distributed to the members in accordance with the provisions of the bylaws.

**ARTICLE X - DISSENTERS' RIGHTS**

In the event of any merger or consolidation of the corporation with any other entity, any dissenting member or other members determined by the Board of Directors by resolution shall be entitled to the fair value of his/her membership as provided by law.

**ARTICLE XI - BYLAWS**

The power to make, alter, amend, or repeal the bylaws or adopt new bylaws shall be vested in the Board of Directors; provided, however, the Board of Directors shall provide in said bylaws a manner in which voting members may also adopt changes or make new bylaws. Notice of the board's action in making, altering, amending or repealing the bylaws or adopting new bylaws shall be given to the voting members within thirty (30) days of such action.

**ARTICLE XII - DIRECTOR LIABILITY**

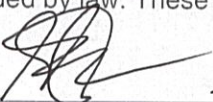
Directors of the corporation shall not be liable to the corporation or its members for monetary damages for conduct as a director, except for acts or omissions that involve intentional misconduct. The corporation shall indemnify its officers and directors and former officers and directors as set out in the bylaws and articles of incorporation.

**ARTICLE XIII - PROVISIONS OF THE MISCELLANEOUS AND MUTUAL CORPORATIONS ACT**

The corporation accepts the benefits and will be bound by the provisions of the Miscellaneous Mutual Corporations Act, Chapter 24.06 RCW.

**ARTICLE XIV - AMENDMENTS TO ARTICLES OF INCORPORATION**

These articles of incorporation may be amended in the manner now or hereafter provided by law. These articles were adopted by the Board of Directors on

 \_\_\_\_\_ *Manager*                      12/23/09