

By-Laws of  
Water Cooperative of Pierce County

A Not-For-Profit Corporation

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1. DEFINITIONS. As used herein the following terms shall have the meaning set forth below:

1.1. Corporation. The term “Corporation” means WATER COOPERATIVE OF PIERCE COUNTY, a non-profit mutual corporation.

1.2. Super Majority Vote. The term “Super Majority Vote” means the affirmative vote of more than 66% of a quorum present at a meeting at which such parties are entitled to vote.

1.3. Person. The term “Person” means a corporation, partnership, individual, organization, public agency, a state or political subdivision thereof, an institution of his or her learning, or a trust

1.4. Member. The term “Member” means any person granted a membership interest in the Corporation pursuant to the Corporation’s Articles of Incorporation, Bylaws, and applicable law.

2. PURPOSE OF THESE BYLAWS: CONFLICT OF LAWS. These Bylaws shall govern the internal affairs of the Corporation to the extent they are consistent with law and the Articles of Incorporation. In the event statutory or regulatory requirements become applicable to the Corporation and conflict with any provision of these Bylaws, these Bylaws shall be deemed to be modified to comply with such legal requirements.

3. OFFICES

3.1 Registered Office. The registered office of the Corporation shall be located at the Southeast Tacoma Mutual Water Company, 1614 – 99<sup>th</sup> Street East, Tacoma, WA 98445, or such other place as may be designated as the registered office by the Board of Directors.

3.2 Principal Office. The Corporation shall have its principal office at its registered office, or at such other place or places, both within and without the State of Washington, as the business of the Corporation may require.

#### 4. MEMBERS; DUTIES; QUALIFICATIONS AND RESPONSIBILITIES.

- 4.1 Restrictions on Membership. The following persons are eligible for membership: any water utility which is a mutual, non-profit or water district, and serves customers in Pierce County.
- 4.2 Admission to Membership. Admission to membership shall require approval of all the then existing Members. Any person seeking membership in the Corporation shall provide such information as requested by the Board of Directors. In determining the acceptability of an applicant as a Member, it is the intention of the Members that the following factors shall be taken into consideration: the nature of the applicant's existing business, facilities, products and service area; the applicant's financial position; the needs of the community served by the applicant; and the applicant's ability to enhance the services provided by the Corporation through the applicant's membership therein.
- 4.3 Membership Agreement. Every person accepted as a Member of the Corporation may be required to sign a joint operation agreement. Upon execution of the Membership Agreement and payment of the membership fee or assessment, the person shall automatically become a Member of the Corporation. Each Member will, at all times, perform and govern its activities as a Member of the Corporation in accordance with the terms of the Articles of Incorporation of the Corporation, Bylaws of the Corporation, and Joint Operation Agreement.
- 4.4 Actions Requiring Member Consent. In addition to the actions requiring the unanimous approval of all the Members pursuant to the provisions of the Articles of Incorporation and the other provisions of these Bylaws, the following actions shall require the approval of the Board of Directors and all of the Members:
- (a) Requiring any additional contributions of equity capital by the Members over and above the annual dues set by the Board of Directors.
  - (b) Incurring long-term debt.
  - (c) Committing the Corporation to contractual obligations for a period longer than 1 year.
- 4.5 Place of Meeting. Meetings of the Members shall be held at the principal office of the Corporation, or at such other place either within or without the State of Washington, as shall be designated from time to time by the Board of Directors.
- 4.6 Annual Meeting. Annual meetings of the members shall be held in March of each year on a date to be set by the Board of Directors. The annual meeting will be held at such meeting place within the State of Washington as may be determined by the Board of Directors and specified in the notice of such meeting. At the annual meeting, the Members shall appoint their Board

Member to serve on the Board of Directors and transact such other business as may properly be brought before the meeting. If the annual meeting is not held on the date designated therefore, the Board of Directors shall cause the meeting to be held as soon thereafter as convenient.

- 4.7 Special Meetings. Special meeting of the Members, for any purpose or purposes, shall be called by the President at the request of the Board or at the written request of any Member.
- 4.8 Voting of Members. The officer or agent who has charge of the list of Members of the Corporation shall make and certify a complete list of the Members entitled to vote at a Members' meeting, or any adjournment thereof. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any Member who is present. Each member utility shall have one vote on all items of business at regular or special meetings of the members of the Corporation. In addition, all officers of the Corporation and all officers, directors or council members or other persons duly representing a member utility shall be entitled to full floor privileges at any meeting.
- 4.9 Notice of Meeting and Waiver of Notice. Except as otherwise provided by law, written notice of an annual or special meeting of Members stating the place, date and time of the meeting, and the purpose or purposes for which the meeting is called, shall be given not less than five (5) days before the date of the meeting, served personally, by posting or by mail to each Member of record entitled to vote at such meeting. Attendance of a Member at a meeting in person or by Proxy constitutes a waiver of notice of the meeting except where the Member attends the meeting for the express purpose of objection at the beginning of the meeting to the transaction of any business because the meeting was not lawfully called or convened. Special meetings of the members may be called at any time on order of the President, or by any three members of the Board of Directors
- 4.10 Quorum. A majority of the Members present in person or represented by proxy shall constitute a quorum at all meetings of the Members. If a quorum shall not be initially present at any meeting of Members, a majority of the Members present thereat shall nevertheless have power to adjourn the meeting from time to time and to another place, without notice other than by announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting, at which a quorum shall be present or represented, only such business as might have been transacted at the original meeting may be transacted. If the adjournment is for more than sixty (60) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each Member of record entitled to vote at the meeting. Notice shall be given as specified in Paragraph 4.9, above. The Members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum.

- 4.11 Manner of Acting. When an action is to be taken by vote of the Members, such action shall be authorized by a majority of the votes cast by the Members entitled to vote thereon, unless a greater plurality is required by express requirement of law, the Articles of Incorporation or these Bylaws, in which case such express provision shall govern and control. If a Member is a corporation, such Member shall designate in writing a representative officer to attend and vote at each meeting.
- 4.12 Proxies. Each Member shall be entitled to one (1) vote in person or by proxy. A vote may be cast either orally or in writing. Each proxy shall be in writing and signed by the Member or his or her authorized agent or representative.
- 4.13 Conference Telephone. If the Board of Directors so elects, a Member may participate in a meeting of the Members by means of a conference telephone, or similar communications equipment by virtue of which all persons participating in the meeting may hear each other is all participants are advised of the communications equipment and the names of the participants in the conference are divulged to all participants. Participation in a meeting pursuant to this section constitutes presence in person at the meeting.
- 4.14 Action by Members without a Meeting. Any action required or permitted by applicable law, the Articles of Incorporation or these Bylaws to be taken at an annual or special meeting of the Members may be taken without a meeting, without prior notice and without vote, if a consent in writing, setting forth the action so taken, is signed by the Members possessing not less than the minimum number of votes that would be, necessary to authorize or take action at a meeting at which all Members entitled to cast a determinative vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to Members who have not consented in writing.
- 4.15 Withdrawal from Membership. Any Member may withdraw upon giving written notice to the Corporation of its withdrawal. The withdrawing member shall not be entitled to any payment or reimbursement for its investment in the Corporation. Neither shall the withdrawing member be required to pay any funds owed to the Corporation as a condition to its withdrawal. No legal action shall be taken to collect an assessment which is delinquent.

## 5 BOARD OF DIRECTORS

- 5.1 Powers. The business and affairs of the Corporation shall be vested in the Board of Directors, with all the powers authorized by law save as limited by Chapter 24.06 if the Revised Code of Washington, the Corporation's Articles of Incorporation, and these Bylaws.
- 5.2 Number. The number of Directors shall be equal to the number of members of the Corporation with one Director which shall be appointed by each member. In addition, the member shall appoint an alternate director to serve in the absence of its appointed director. The directors shall be either board members or in a management capacity with the member utility appointing the director.
- 5.3 Term. When appointed, Directors shall serve for a term of three (3) years, or until a new director is appointed by the member utility.
- 5.4 Resignation. Any Director may resign at any time by giving written notice thereof to the Secretary.
- 5.5 Vacancy. Any vacancy in the Board of Directors, whether by reason of death, disability or resignation, or removal, or by reason of an increase in the number of Directors between annual meetings, may be filled by the Member represented by such Director.
- 5.6 Removal. Any Director may be removed at any time by a written instrument delivered to the Director, signed by the member appointing said Director. Such removal may be without cause.

## 6 MEETINGS OF THE BOARD OF DIRECTORS.

- 6.1 Annual Meeting. The annual meeting of the Board of Directors shall be held immediately after the annual membership meeting, at the same place as the Membership meeting, or at such other place as the Board may designate in the notice of annual Meeting for the purpose of organization, election of officers, and the transaction of other business.
- 6.2 Regular Meetings. Regular meetings of the Board shall be held at such place and on such day and hour as shall from time to time be fixed by resolution of the Board, but in any event not less frequently than quarterly.
- 6.3 Special Meetings. Special Meetings of the Board may be held at any place, at any time, whenever called by the president or any three or more Directors.
- 6.4 Notice of Meetings. No notice of the annual meeting of the Board is required, except as provided in paragraph 6.1 above. Notice of any special meeting shall be given at least five (5) days previous thereto by written notice. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, so addressed, with postage thereon prepaid. If notice be

given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. Any director may waive notice of any meeting. The 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 any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

6.5 Quorum and Voting. Representation, in person or by proxy, by more than 50% of the Board constitutes a quorum for the transaction of business. The act of the majority of Directors present at a meeting at which a quorum is present shall be the act of the Board except as otherwise limited by these Bylaws.

6.6 Presumption of Assent. A director of the Corporation who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken, unless his/her dissent shall be entered in the minutes of the meeting, or unless he/she shall file his/her written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof, or shall forward such dissent by registered mail to the Secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to any director who voted in favor of the action.

## 7 OFFICERS.

7.1 Number. The officers of the Corporation shall be a President, a Vice-President, and a Secretary/Treasurer.

7.2 Election and Term. The officers shall be elected by the Board of Directors at their annual meeting, to serve for a period of one (1) year, or until their successors are elected and qualified.

7.3 Duties and Qualifications. The Corporation shall have the following officers with the duties and qualifications as specified:

7.3.1 President. The President shall be a member of the Board of Directors and shall have general supervision and management of the affairs of the Corporation subject to the general supervision of the Board, and shall perform all other duties as are incident to his/her office or are properly required of him/her by the Board.

7.3.2 Vice-President. During the absence or disability of the President, the Vice-President, in the order designated by the Board, shall exercise all the functions of the President. The Vice-President shall have such powers and discharge such duties as may be assigned to him from time to time by the President.

7.3.3 Secretary/Treasurer of the Corporation. One person shall serve as both Secretary/Treasurer. The Secretary of the Corporation that person shall provide notice for all meetings, shall keep minutes of all meetings, shall have charge of the seal (if any) and the corporate books, and shall make such reports and perform such other duties as are incident to his or her office or are properly required of him or her by the Board. The Treasurer shall have the custody of all monies and securities of the Corporation and shall keep regular books of account. The Treasurer shall disburse the funds of the Corporation in payment of the just demands against the Corporation or as may be ordered by the President, taking proper vouchers for such disbursements, and shall render to the Board from time to time as may be required of the Treasurer, an account of all transactions as Treasurer and of the financial condition of the Corporation. The Secretary/Treasurer shall perform such other duties incident to the office or that are properly required by the President. The assistant secretary/treasurer, if any, shall perform all of the duties of the Secretary/Treasurer in the absence or disability of the Secretary/Treasurer and at other times may perform such other duties as directed by the President of the Board.

7.4 Vacancies. Vacancies in any office arising out of any cause shall be filled by the Board of Directors at any regular or special meeting, to serve until the next annual meeting or until their successors are elected and qualified.

7.5 Salaries. It is intended that the officers and Board of Directors shall serve without pay. Any salaries or reimbursements for out-of-pocket costs shall be approved by a vote of the members.

7.6 Removal. Any officer elected or appointed may be removed by the Board of Directors by the affirmative vote of a majority of the entire Board with or without cause, whenever in its judgment the best interests of the Corporation will be served thereby. The removal of an officer will be without prejudice to the contract rights if any, of the officer so removed.

## 8 ADMINISTRATIVE PROVISIONS.

8.1 Dues. Annual dues as established by a majority of the Board of Directors shall be paid each year within thirty (30) days of the date of the dues assessment. The dues shall be used to pay for administrative expenses and other projects approved by the Board, associated with the operation of the Corporation. Financial liability of members for operating expenses shall be limited to the earlier approved dues.

8.2 Computation and Notice of Assessment. With the prior unanimous approval of all of the Members, the Corporation shall make assessments of Members to provide necessary capital for the activities of the Corporation. The assessment of each Member shall be payable to the Corporation by the Member upon at

least forty-five (45) days prior written notice of the date set for payment. The aggregate amount of all assessments shall be determined in light of the projected financial needs of the Corporation. Prior to making any special assessments, the Corporation, with the unanimous approval of all members shall adopt a methodology for a ratio based upon finances and size of each member utility to compute the amount of the assessment to be made.

- 8.3 Pledge of Credit. No legal action shall be taken to collect an assessment, but a member shall be refused continued membership when an assessment payable by that member is delinquent. Assessments are delinquent after the member has received a thirty (30) day written notice to pay.
- 8.4 Audit. The Corporation may request an annual audit by such firm of certified public accountants as the Board may appoint.
- 8.5 Books and Records. The Corporation shall keep current and complete books and record of accounts and shall keep minutes of the meeting of its Members, Board of Directors and committees, and shall keep at its registered office a register of the names and Directors and committees, and shall keep at its registered office a register of the names and addressed of its Members. All books and records of the Corporation may be inspected by any Member, or its agent or attorney, for any legitimate purpose at any reasonable time.
- 8.6 Bank Accounts. All checks, drafts or demands for money and notes of the Corporation shall be signed by the President or the Treasurer, or such other officer or officers or such other person or persons as the Board of Directors may from time to time designate. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation on such banks, trust Companies or other depositories as the Board of Directors may from time to time designate.
- 8.7 Loans Prohibited. No loans are to be made by the Corporation to any officer, Director or employee.
- 8.8 Fiscal Year. The fiscal year of the Corporation shall be the calendar year.
- 8.9 Annual Report. An annual report on the activities and status of the Corporation shall be made and distributed to its Members.
- 8.10 Amendments. Except as otherwise required by law, these Bylaws may be amended or repealed, or new Bylaws may be adopted, only by the unanimous consent of the Members who are present at the meeting at which the proposed amendments are considered.
- 8.11 Notices. Whenever any notice is required to be given to any Member or Director of the Corporation under the provisions of these Bylaws, the Articles of Incorporation or applicable law, a waiver thereof in writing, signed by the person or persons entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of notice.

The undersigned, being the Secretary of the Corporation, hereby certifies that these Bylaws consisting of 9 pages are the Bylaws of WATER COOPERATIVE OF PIERCE COUNTY, a non-profit cooperative corporation, adopted by resolution of the Directors effective the \_\_\_ day of \_\_\_\_, 200X.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 200X.

WATER COOPERATIVE OF PIERCE COUNTY,  
A Washington not-for-profit  
Corporation, by

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Its Secretary