

HEIGHTS WATER BYLAWS

ARTICLE I

Members

1. All persons who have in good faith procured a "Water Share" of this corporation, by having made full payment as described in Article V hereunder, and met all the other requirements described therein, shall become a member of this Corporation.
2. Each member as described above will receive a Water Share Certificate as noted in Article XI below. A Water Share Certificate is related to a specific property as defined on the certificate and shall remain with that property when ownership is changed. It can not be transferred to a different piece of property regardless of ownership.
3. Members shall meet annually on the fourth Tuesday in September to elect Trustees and to review and discuss the business of the Corporation. All members in good standing shall be notified of the meeting at least twenty-one (21) days prior to the annual meeting.
4. Member in "good standing" is defined as having paid all monies due and not delinquent on payments assessed by the Corporation.
5. Special member meetings may be called by the Board of Trustees or at the written request of no less than seven (7) percent of members in good standing. Motions to be discussed at the meeting must be mailed to the Corporation office twenty-one (21) days prior to said meeting, and a copy thereof, must be included in the notice of special meeting to be mailed by the Corporation to each member at least ten (10) days prior to the meeting. The notice will state the time, date and place of meeting. The postmark on the notice shall control the time of giving notice.

ARTICLE II

Trustees

1. The business of the Corporation shall be managed by a Board of Trustees. The Board of Trustees consisting of five (5) volunteer members of the Corporation shall be elected by the membership. The term of office of each Trustee shall be three (3) years. The term of each Trustee shall run in a sequential manner so that no more than two (2) Trustees' terms shall expire in any given year unless caused by conditions beyond the Trustees control.
2. The Trustees shall be elected from members of the Corporation who are owners of a bona fide water share in said corporation and are in good standing. Only one Trustee per residential or commercial property, regardless of the number of shares owned by the property owner(s), is permitted. Candidates for trusteeship shall be selected by an unpaid Nominating Committee appointed by the president, consisting of two (2) Trustees and three (3) members of the Corporation who shall screen the membership for possible candidates, establish a list of potential candidates therefrom, evaluate their qualifications, with a goal of selecting at least two (2) candidates per position for inclusion on the ballot. The ballot shall be mailed to each member of the Corporation at least twenty-one (21) days before the annual meeting, as described in Article I Section 3 above, along with a brief candidate-submitted description of qualifications. These ballots shall be the sole method of voting and may be mailed, delivered to the Corporation office, or delivered to the annual meeting for counting. It is provided that write-in candidates are allowed; however it should be ascertained that such candidates will accept the office if elected. The ballot count shall be conducted 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 winner shall be determined by a coin toss. Results of the election shall be recorded in the minutes of the annual meeting. The Trustee(s) elected at that meeting shall take office at the conclusion of the annual meeting at which he or she is elected.
3. An unexpected Trustee vacancy occurring more than ninety (90) days prior to the annual meeting may be filled by appointment by the remaining Trustees. Such an appointment shall be effective until the next annual meeting. The appointee may choose to be added to the regular ballot as a candidate and run for the balance of the unexpired term of the vacated trusteeship, regardless of any action of the Nominating Committee.
4. The Board of Trustees shall meet at least quarterly each year upon the call of the President. Meetings will be open to any member of the Corporation to address the Board, but not to participate in any discussion of company business. Trustees must attend general membership meetings and at least 75% of the board meetings each year. Any board member who misses more than 25% of the meetings without being excused by the President shall be replaced on the board by the other board members in accordance with Article II Section 3 of the by-laws.
5. Should any Trustee desire a special meeting of the Board of Trustees, he/she shall notify, in writing, the President of the Corporation of the desire to have the special meeting. This notice shall require the signatures of two Trustees. The President shall then call a special meeting of the Board of Trustees. Said meeting shall be held no sooner than twelve (12) hours after the president received notification and not later than five (5) days after the President received notification. All other meetings of the Board of Trustees shall require at least twenty-four (24) hours notice.

ARTICLE III

Officers

1. The Board of Trustees shall elect from their number the officers of the Corporation, consisting of a President, Vice-President, Secretary and Treasurer, to hold offices for one year and until their successors are elected. The Corporation's books shall be examined annually by certified accountants. The results of that examination shall be reported and made available at the annual membership meeting.

2. The President shall preside at all meetings, execute all papers and external affairs on behalf of the Corporation, call special sessions of the Board of Trustees, exercise the usual executive powers pertaining to the office of President, and assist the Vice-President, Secretary and Treasurer as required.

3. The Vice-President shall discharge the duties of the President in his or her absence.

4. The Secretary shall perform such duties as may be prescribed and directed by the Board of Trustees. Records shall be kept of all meetings of the Board of Trustees and of all meetings of the membership.

5. The Treasurer, along with the General Manager, shall oversee the safekeeping of all monies of the Corporation, and assure payments as authorized by the Board of Trustees.

6. The President shall have general authority over the Water System and may exercise such emergency authority with reference thereto as may be authorized by the Board of Trustees. In the absence of the President and Vice-President, emergency action may be taken by any Trustee. Any emergency action taken must be reported fully in writing within forty-eight (48) hours for inclusion in the minutes of the next Board of Trustees regular meeting.

ARTICLE IV Management

The General Manager shall be responsible for day-to-day business operations of the Corporation. The Corporation may employ such other personnel as approved by the Trustees and required for the maintenance and operation of the water system and facilities and the performance of administrative duties.

ARTICLE V Water Shares

1. A residential water share in the Corporation shall entitle the owner thereof to one service through the appropriate sized connection as mandated by King County code. Said residential service shall be restricted to one King County approved residence and to other non-residential buildings and non-commercial buildings appurtenant thereto.

2. Non-residential share holders will be required to purchase the number of water shares determined to be equal to the ERU (equivalent residential unit) for said business.

3. The price of a water share to all new members shall be established by the Board of Trustees. This price shall be based on an equitable distribution of the cost of maintaining the water system and value of planned future improvements to the system.

4. A new Water Share, when available, will be issued to the legal owner of any property served by Heights Water upon approval of the Application for Water and payment of the established price for a new water share in accordance with corporate policies.

In the event that a water share is not available when application is made, a chronological waiting list will be maintained in the corporate office. When shares are again available they will be offered according to the chronological list. The water share price shall reflect the market value at time of issue.

5. All auxiliary (accessory) dwellings installed or constructed after July 24, 1998 are subject to King County zoning and regulations and shall require a full water share in addition to the water share for the primary dwelling. An auxiliary dwelling shall be billed for water service according to the current fee structure, in addition to the primary dwelling's separate billing.

6. Each Water Share shall endure for the benefit of the real property for which it was issued and shall run with the land. An existing water share for an undeveloped parcel may be sold back to the Corporation at the original purchase price.

7. All billings for fees and water usage shall be made to the owner of the water share, unless the owner requests another billing arrangement that is acceptable to the Corporation.

ARTICLE VI Water Regulation

1. The Board of Trustees shall have the power to regulate and/or limit the number of services that may be taken off each main line of the water system. All residential services are to be metered and no service shall supply more than one residence and appurtenant buildings thereto. All non-residential services will be metered, and the metering arrangement will be determined by the Corporation on a case-by-case basis.

2. The Board of Trustees shall establish rates for water and regulations for the use of water, and prescribe the method of collecting fees for water service. The charges for water service shall be fixed by the Board of Trustees at a price sufficient to cover the cost of supplying the service, and maintaining the infrastructure of the water system.

3. Landscaping done around, over, or in any way causing difficulty of access to Heights Water meters, shall be subject to the following terms and conditions:

- Any property owner, whose landscaping is such that it prevents access with heavy equipment to effect necessary repairs, shall bear the expense of any costs incurred in accessing said meter and residential service.
- Owner shall also bear all expense of replacing landscaping of their yard following construction or repair of same.

4. Individual owners are responsible for maintaining adequate access to their meters so that the periodic reading of the meters can be performed.

5. If it is determined that a potential cross connection exists, then said property owner shall cooperate with the installation, maintenance, repair, inspection and testing of a cross connection control assembly. Failure to comply shall result in the termination of water service to said premise.

6. Water use and delivery and other matters relating to the management and operation of the water system are additionally subject to corporate policies as may be prescribed by the Board of Trustees. (i.e.: Rules and Regulations, Cross-connection Control Program, Resolutions, etc.)

**ARTICLE VII
Working Capital**

1. From the proceeds of the sale of water and excess operation funds, there shall be established a working capital fund for use in conducting all corporation business. Funds from the sale of Water Shares shall be used for capital improvements.

2. In the event the corporation is merged with a municipal or other water system and ceases to exist, any monies left after payment of all obligations of the corporation shall be divided equally among the members in good standing.

3. The Board may authorize the expenditure of funds without prior approval of the membership.

**ARTICLE VIII
Cancellation of Water Shares**

1. The Board of Trustees shall have the right to cancel any water share and discontinue service to any site when it is determined that the point of service has become too remote, hazardous or costly to be safely reached and maintained by the system, or if the share is being used in violation of Article V, Par. 1. In the event of cancellation, the purchase price paid for the water share shall be refunded to the holder of the Water Share. Such action can only be taken after written notification to the share owner and a lapse of sixty (60) days during which correction or alleviation of the condition causing consideration of such cancellation may be instigated.

2. The owner of a water share that is not servicing a residence because of the property being abandoned or destroyed shall pay all applicable fees established by the Board.

**ARTICLE IX
Interest of Members**

It is understood that this corporation is formed under the provisions of Chapter 24.03 of the Revised Code of Washington Non-Profit Corporation Act, effective July 1, 1963. The invalidity or unenforceability of any portion of these by-laws shall not affect or impair any other provisions.

The interest of each member shall be equal to that of any other member and no member can acquire any interest, which will entitle that member to any greater voice, authority or interest in the corporation than any other member.

**ARTICLE X
Registered Agent**

The President of the Corporation, or his or her designee, shall serve as the registered agent during his or her term of office.

**ARTICLE XI
Water Share Certificates**

Water Share Certificates, signed by Trustees of the Corporation and attested with the corporate seal, shall be issued to the members of the Corporation. There is to be no capital stock of the Corporation.

**ARTICLE XII
Seal**

The seal of the Corporation shall be a circle impressed with metal with the name of the Corporation inside with the date of the organization in the center, and the words, "CORPORATE SEAL".

**ARTICLE XIII
Voting**

Members in good standing shall be entitled to vote at any meeting of the members. At such meeting each member entitled to vote may be represented by written proxy or mail in vote which must be filed with the Corporation before the close of voting. Each member is entitled to one vote.

**ARTICLE XIV
Quorum**

A number equal to fifteen (15) percent of the total number of members in good standing, represented either in person or by proxy, shall be necessary to constitute a quorum for the transaction of business not delegated to the Corporation Trustees/ Officers elsewhere in the by-laws. Such business shall be identified in a meeting notice sent to members twenty-one (21) days prior to the annual meeting and ten (10) days prior to special meetings as described in Article I, Section 3. When a quorum, as defined above, is present at any duly called meeting, a majority of the members represented shall decide the business brought before such meeting.

**ARTICLE XV
Authority to Mortgage Property**

The Corporation shall have the power through its Board of Trustees to borrow money and incur expense for the purposes of the water system, and as security therefore to mortgage or pledge the property and income of the corporation on such terms as shall be provided by the resolution adopted by the Board of Trustees.

**ARTICLE XVI
Sale of Property**

The capital assets of the corporation shall not be sold, transferred or otherwise disposed of except upon the consent of the members as signified by the majority of a quorum as denoted in Article XIII. The sale or trade-in of equipment for the purpose of acquiring equipment in replacement thereof shall not be considered violating this article. Any equipment of no monetary value may be donated to charity or disposed of in another way that does not directly benefit a member of the corporation or one of its employees.

**ARTICLE XVII
Parliamentary Authority**

Roberts' Rules of Order, Revised, shall govern the conduct of business of this Corporation in all cases which are applicable and not in conflict with the by-laws.

**ARTICLE XVIII
By-laws**

1. By-laws of the Corporation shall be adopted, altered, deleted, or added to only by vote of the membership. Twenty-one (21) days notice for such a vote shall be required. Said notice shall include the complete text of the proposed wording.
2. Approval of proposed adoption, alteration, addition, or deletion of by-laws shall be by a majority vote of the members, provided that they constitute a quorum as defined in Article XIV above.
3. Voting shall be accomplished by signature of a water share certificate holder and verification by Corporation records as to validity and good standing. Mail in and proxy votes will be accepted.
4. A complete text of such by-laws as approved will be provided each certificate holder within ninety (90) days following such approval.

**ARTICLE XIX
Water Main Extension**

1. In the event that the Corporation is requested and agrees to provide water service to a new service area, the expense of such installation shall be the responsibility of the property owners in said area. For a period of years (number to be determined for each situation) from installation, should the water main pass a "non participating property", that property owner shall be required to pay a pro rata share of the original installation cost if they connect to the system. Money collected during this time period shall be divided equally among and by the original participants. Upon installation, the water main becomes the sole property of Heights Water Corporation. The original participants shall record this agreement.
2. It shall be understood that the Corporation shall determine the size and type of water main to be installed and shall supervise the installation of said main.

Amended April 26, 2008