

Proposed Changes in the By-Laws

Purpose of proposed amendments:

To clarify that any **one person** who has common ownership of property holding a membership may be designated as the member for purposes of voting and becoming a board member or officer of the Corporation.

To remove all references to “certificates” and replace the references with requirements to record memberships in the accounting records of the corporation.

To correct minor changes in wording and punctuation.

Deletions are noted by a line through the wording and replacements or additions are in bold type.

BY-LAWS OF UPPER TWIN LAKES WATER CO., INC.

ARTICLE I. General Purposes.

The purposes for which this association is formed, and the powers which it may exercise, are set forth in the Articles of Incorporation of this association.

ARTICLE II. Name and Location

Section 1. The name of this association is

UPPER TWIN LAKES WATER CO., INC.

Section 2. The principal place of business of this association shall be at Rathdrum, Kootenai County, Idaho. The association may, however, maintain offices and places of business at such other places within the State of Idaho as the Board of Directors may determine.

ARTICLE III. Seal

Section 1. The seal of the association shall have inscribed thereon the name of the association, the year of its organization and the words "Cooperative Association, State of Idaho."

Section 2. The secretary of the association shall have custody of the seal.

Section 3. The seal may be used by causing it or a facsimile of it to be impressed or affixed or reproduced.

ARTICLE IV. Fiscal Year

The fiscal year of the association shall begin the first day of January of each year.

ARTICLE V.

Section 1. The holders of ~~membership certificates~~ **water connections offered by this** association are its members. The Board of Directors shall determine who shall be eligible to become members and whether or not it is reasonably economical and feasible to supply water to the property of the proposed member. One membership ~~certificate~~ **shall be issued** apply for each parcel of ground ~~to be~~ **that is** served. **When there is community property or joint ownership of property, any one party who has an ownership interest may be designated as the member.**

Section 2. When a member sells or disposes of any lot within the District served by the Association, ~~his~~ **the** membership for said lot shall cease and shall be automatically transferred to the person becoming the owner of the lot to be used only as herein and in the Articles of Incorporation provided.

Section 3. Memberships may be transferred by the original holder thereof to any person who has acquired from such original holder the rights of occupancy of the lot. Such transfer shall be accomplished by an assignment in writing executed by the original holder.

The Secretary-**Treasurer** shall keep a record of the change of title of all lots within the boundaries of this Association, so far as possible, and upon the sale or conveyance in any manner of a ~~members~~ **member's** lot, ~~he~~ shall change the membership ~~certificate~~ **record** to the person to whom the property is conveyed, who automatically becomes the owner **of association membership** thereof upon the purchase or securing a conveyance of the land, ~~such transfer on Association's records shall be subject to a transfer fee of \$2.00~~ The Association shall not be required to transfer any membership until all fees, including original hookup and all monthly service fees are paid in full.

ARTICLE VI. Membership Certificates Records

Section 1. This Association shall not have capital stock. Its members shall be represented by ~~membership certificates which shall be recorded and the records always to remain with the Secretary.~~ the recording of the membership in the accounting records of the Association by the Secretary-Treasurer.

ARTICLE VII.

Section 1. The annual meeting of the members of this Association shall be held at the office of Corporation, near Rathdrum, Kootenai County Idaho at 1 o'clock P.M., on the last Sunday of June of each year, if not a legal holiday, or if a legal holiday on the next business day following. The Board may, by resolution passed and included in the notice of election, designate another place for holding any meeting.

Section 2. Special meetings of the members of the Association may be called at any time by the President or upon resolution of the Board of Directors, or upon written petition to the President or the Board, signed by ten per cent (10%) of the members of the Association. The purpose of every special meeting shall be stated in the notice thereof, and no business shall be transacted thereat except such as is specified in the notice.

Section 3. Notice of meetings of members of the Association may be given by a notice mailed to each member of record, directed to the address shown upon the books of the Association, at least ten (10) days prior to the meeting. Such notice shall state the nature, time, place, and purpose of the meeting, but no failure or irregularity of notice of any annual meeting regularly held shall affect any proceedings taken thereat.

Section 4. The members present at any meeting of the members shall constitute a quorum at any meeting of the association for the transaction of business. The voting powers of the members of this association shall be equal, each member shall have one vote only regardless of the number of membership certificates **records** he **or she** may hold, and the members shall be entitled to vote in person. Proxy voting shall not be permitted. **A member, including a co-owner, nominated to serve on the board of directors, elected and serving on the board of directors shall be the sole voting member for the co-owned properties.** A member must be current in all payments owed for water service to be eligible to vote at the annual meeting.

Section 5. Directors of this Association shall be elected at the annual meeting of the members.

Section 6. The order of business at the regular meetings and so far as possible at all other meetings shall be:

1. Calling to order and proof of quorum
2. Proof of notice of meeting
3. Reading and action on any unapproved minutes.
4. Reports of officers and committees

5. Election of Directors
6. Unfinished business
7. New business
8. Adjournment

ARTICLE VIII.
Directors and Officers

Section 1: The Board of Directors of this Association shall consist of five (5) members, all of whom shall be members of the Association. The members shall meet as soon as possible and elect Directors from among their number to serve until the first annual meeting of the members and until their successors are elected and have qualified. At the first annual meeting of the members; two (2) Directors shall be elected for a term of one (1) year; two (2) Directors for a term of two (2) years; and one (1) Director for a term of three (3) years. At each annual meeting thereafter the members shall elect for a term of three (3) years the number of Directors whose terms of office have expired.

Section 2. The Board of Directors shall meet within ten (10) days after the first election and within ten (10) days after the annual election of Directors and shall elect a President and Vice-President from among themselves, and a Secretary-Treasurer, each of whom shall hold office until the next annual meeting and until the election and qualification of his successor unless sooner removed by death, resignation or for cause.

Section 3. Any vacancy in the Board of Directors, other than from the expiration of a term of office, shall be filled by appointment by the remaining members of the Board until the next annual meeting of the members of the Association. The disqualification of a Director as a member of the Association shall operate to disqualify him as a Director and to create a vacancy in the office of the Directors.

Section 4. A majority of the Board of Directors shall constitute a quorum at any meeting of the Board.

Section 5. Compensation of officers may be fixed at any regular or special meeting of the members of the Association. Directors shall receive no compensation for their services as such.

Section 6. Any Director of the Association may be removed from office for cause, by vote of not less than two-thirds of the members of the association present at any annual or at any special meeting called for the purpose, at which a majority of the members shall be present. The Director shall be informed in writing of the charges preferred against him at least ten (10) days before such meeting, and at the meeting shall have an opportunity to present witnesses and be heard in person in answer thereto. Officers may be removed for cause by vote of two-thirds of the members of the Board and employees or agents discharged or removed from office or employment at any time by action of the Board of Directors.

ARTICLE IX.
Duties of Directors

Section 1. The Board of Directors, subject to restrictions of law, the Articles of Incorporation, or these By-Laws, shall exercise all of the powers of the Association, and, without prejudice to or limitation upon their general powers, it is hereby expressly provided that the Board of Directors shall have, and are hereby given, full power and authority (to be exercised by resolution adopted by a majority vote of all members) in respect to the matters and as hereinafter set forth:

A. To pass upon the qualifications of members, and to cause ~~to be issued appropriate certificates~~ the recording of membership ~~and cause the same to be recorded~~, and if cancelled, to cause a cancellation to be recorded.

B. To select and appoint all officers, agents or employees of the Association, or remove any officers, agents or employees of the Association for just cause, prescribe such duties and designate such powers as may not be inconsistent with these By-Laws, fix their compensation and pay for faithful services.

C. To borrow from any source, money, goods or services, and to make and issue notes and other negotiable and transferrable instruments, mortgages, deeds of trust and trust agreements, and to do every act and thing necessary to effectuate the same.

D. To prescribe, adopt and amend, from time to time such equitable uniform rules and regulations as, in their discretion, may be deemed essential or convenient for the conduct of the business and affairs of the Association and the guidance and control of its officers and employees, and to prescribe adequate penalties for the breach thereof.

E. To fix the charges to be paid by each member for services rendered by the Association to him, the time of payment, and the manner of collection.

F. To select one or more banks to act as depositories of the funds of the Association and to determine the manner of receiving, depositing and disbursing the funds of the Association and the form of checks and the person or persons by whom the same shall be signed, with the power to change such banks and the person or persons signing such checks and the form thereof at will.

G. To levy assessments against the members of the Association and to enforce the collection of such assessments by the cancellation of membership certificates, and to provide for the collection for all water delivered to, or to be delivered, at such rate and on such basis as they deem proper, but always sufficient to pay all operating, maintaining expenses, reserve to pay indebtedness, interest and a reasonable sum as surplus fund, and to enforce the rule by refusing to furnish water or by other proper means.

ARTICLE X.
Duties of Officers

Section 1. Duties of the President: The President shall preside over all meetings of the Association and the Board of Directors, call special meetings of the Association and of the Board of Directors, perform all acts and duties usually performed by an executive and presiding officer, and ~~sign all membership certificates and~~ such other papers of the Association as he may be authorized or directed to sign by the Board of Directors, provided the Board of Directors may authorize any person to sign any and all checks, contracts, and other instruments in writing on behalf of the Association. The President shall perform such other duties as may be prescribed by the Board of Directors.

Section 2. Duties of the Vice-President: In the absence or disability of the President, the Vice-President shall perform the duties of the President; provided, however, that in case of death, resignation or disability of the President, the Board of Directors may declare the office vacant and elect his successor.

Section 3. Duties of the Secretary-Treasurer: The Secretary-Treasurer shall keep a complete record of all meetings of the Association and of the Board of Directors and shall have general charge and supervision of the books and records of the Association. He **or she** shall sign ~~all membership certificates with the President and~~ such other papers pertaining to the Association as he **or she** may be authorized or directed to do so by the Board of Directors. He **or she** shall serve all notices required by law and by these By-Laws and shall make a full report of all matters ~~add~~ **and** business pertaining to ~~his~~ **the** office to the members at the annual meeting. He **or she** shall keep the corporate seal and **maintain** membership ~~certificate~~ records of the Association, ~~complete and countersign all certificates issued,~~ and affix said corporate seal to all papers requiring the seal. He **or she** shall keep a proper membership ~~certificate record~~ **records** showing the name of each member of the Association, and date of ~~issuance,~~ **initiation of membership**, surrender, cancellation, or forfeiture.

He **or she** shall make all reports required by law and shall perform such other duties as may be required ~~of him~~ by the Association, or the Board of Directors. Upon the election of ~~his~~ **a** successor, the Secretary-Treasurer shall turn over all books and other property belonging to the Association that he may have **be in** his **or her** possession. He **or she** shall also perform such duties with respect to the finances of the Association as may be prescribed by the Board of Directors. ~~The Secretary shall cause all membership certificates to be recorded and cause cancellation certificates to be recorded whenever a membership is cancelled for any cause.~~

ARTICLE XI.

Benefits and Duties of Members

Section 1. The Association will install, maintain and operate a main distribution pipe line or lines from the source of the water supply and service lines from the main distribution pipe line, or lines, to the property line of each member of the Association, at which points designated as delivery points, meters to be purchased, installed, owned and maintained by the Association shall be placed. The cost of the service line or lines, from the main distribution pipe line, or lines, of the Association to the property line of each member shall be paid by the Association. The Association will also purchase and install a cut-off valve in each service line from its main distribution line, or lines, such cut-off valve to be owned and maintained by the Association and to be installed on some portion of the service line owned by the Association. The Association shall have the sole and exclusive right to use such cut-off valve and to turn it on and off.

Any extension of the main extending the main water line past the proposed new water system as it is now contemplated by the Association, may be done only upon approval of the Association Board. The extension, if any, so approved, must be paid for by the persons desiring the extension to service their lots. Any extension, if approved and paid for, shall become the property of the Association and must be installed and constructed under the Association's control and management and supervision, and shall be subject to the rules and regulations of the Association and its Articles of Incorporation and By-Laws.

Section 2. Each member shall be entitled to one only service line from the Association's water system to each residence owned by such member. The member shall be required to pay a fee as set by the Board of Directors for such service line. No new service line or change in an existing service line may be made which will interfere with an existing service line or the delivery of water therein. Each service line shall connect with the Association's water system at the nearest available place to the place of desired use by the member if the Association's water system shall be of sufficient capacity to permit the delivery of water through a service line at that place within the district without interfering with the delivery of water through a prior service line. If the Association's water supply be inadequate to permit the delivery of water through a service line installed at such place without interfering with the delivery of water through a prior service line, then such service line shall be installed at such place as may be designated by the Association. Each member will be required to dig, or have dug, a ditch for the connection of the service line or lines from the property line of the member to his dwelling or other portion of his premises and will also be required to purchase and install the portion of the line, or lines, from his property line to the place of use of his premises and to maintain such portion of such service line, or lines, which shall be owned by the member, at his own expense, in good condition.

Section 3. Each member shall be entitled to purchase from the Association, pursuant to such agreements as may from time to time be provided, and required by the Association, such water for domestic purposes, as a member may desire, and such other water use as the directors may permit by Rule and such other occasional use as permitted by director authorization, subject, however, to the provisions of these By-Laws and to such Rules as may be prescribed by the Board of Directors. Each member shall be entitled to have delivered to him, such water as may be necessary for domestic water purposes. The water delivered through each service line may be

metered and the charges for such water shall be determined separately, irrespective of the number of service lines owned by a member.

Section 4. In the event the total water shall be insufficient to meet all of the needs of the members or in the event there is a shortage of water, the Association may prorate the water available among the various members on such basis as is, deemed equitable by the Board of Directors. It is the intent of the organization to provide water to single family residences. In the event a property owner subdivides property currently served by the corporation, the board of directors may decline to provide service to the new portion or new residence upon the subdivided property.

Section 5. The Board of Directors shall, as soon as practical after the ending of each calendar year, determine the flat minimum, monthly rate to be charged each member during the following calendar year for a specified quantity of water or such other basis as may be fixed, such flat minimum monthly rate to be payable irrespective of whether any water is used by a member during any month, and the amount of additional charges, if any, for additional water which may be supplied the members, shall fix the date for the payment of such charges, and shall notify each member of the amount of such charges and the dates for payment thereof. A member to be entitled to the delivery of water shall pay such charges at the office of the Association at or prior to the dates fixed by the Board of Directors. The failure to pay water charges duly imposed shall result in the automatic imposition of the following penalties.

- A. Non-payment for thirty (30) days after due: The water shall be cut off from the delinquent member's property.
- B. Non-payment for sixty (60) days: A "shut-off" and "turn-on" fee as determined by the Board of Directors, but not less than \$6.00, together with accumulated water rental, must be paid before said member is again entitled to water services and benefits.
- C. The Directors shall pass any reasonable rule to carry these provisions into effect.

ARTICLE XII.
Distribution of Surplus Funds

Section 1. It is not anticipated that there will be any net income. If there should be any, then at the end of the fiscal year, after paying the expenses of the Association for operation and otherwise and after setting aside reserves for depreciation on all buildings, equipment and office fixtures and such other reserves as the Board of Directors may deem proper and after providing for payments on interest and principal of obligations and amortized debts of the Association, and after providing for the purchase of proper supplies and equipment, the net earnings shall be accumulated in a surplus fund for the purpose of replacing, enlarging, extending and repairing the system and property of the Association and for such other purposes as the Board of Directors may determine to be for the best interests of the Association.

Should any net earnings remain, it shall be used to reduce each member's water charge thereafter until all such surplus is exhausted.

Upon dissolution, in event said organization is dissolved all assets remaining after payment of obligations and debts, shall be distributed to all members as their interest appears on the records, which interest shall be based upon their individual usage and patronage as in these By-Laws and Articles provided. Sufficient records shall be maintained to show each individual interest.

ARTICLE XIII.

Amendments

Section 1. These By-Laws may be repealed or amended by a vote of two-thirds of the members present at any regular meeting of the Association, or at any special meeting of the Association, called for that purpose, except that the members shall not have the power to change the purposes of the Association so as to decrease its rights and powers under the laws of the State, or to waive any requirements, of bond or other provisions for the safety and security off the property and funds of the Association, or to deprive any member of rights and privileges then existing, or so to amend the By-Laws as to effect a fundamental change in the policies of the Association. Notice of any amendment to be made at a special meeting of the members must be given at least ten (10) days before such meeting and must set forth the amendments to be considered.

Michael D Watkins

PRESIDENT

6/18/2018

Date

ATTEST:

Scott Boyle

SECRETARY

