

Burton Water Cooperative Feasibility Period Bylaws

1.0 These Bylaws are adopted for the Feasibility Period, defined as the time between incorporation of Burton Water Cooperative and the date it acquires the Burton Water Company, or the assets thereof, or the Initial Board of Directors (hereby "Feasibility Board") votes to abandon the acquisition.

1.1 These Feasibility Bylaws are to be replaced with Bylaws governing the Cooperative during its operational phase no later than 30 days after the acquisition of the Burton Water Company assets.

Membership:

2.0 Any person, including, without limitation, an individual, a partnership, association, corporation, or other entity, including governmental entities and political subdivisions thereof, may become a Member of the Cooperative. A person may become a Member of the Cooperative prior to its purchase of the water system if the person:

- A. Is a legal entity or an individual 18 years or older.
- B. Owns a legal parcel ("Location") as shown in the King County land records, that is currently served by or has a written commitment as of the adoption of these Bylaws to be served by the Burton Water Company; and
- C. Pays the membership fee and signs any instruments required by the Feasibility Board; including the person who has completed a Joining Fee Agreement and paid the required Joining Fee of \$5.00 shall be a Member in good standing during the Feasibility Period.
- D. A Membership may also consist of two or more individuals ("Joint Members"), each of whom qualifies individually to be a member, and who have an ownership interest the same Location(s) currently served by the Burton Water Company.
- E. A Member in compliance with A, B, C and D above is a Member in good standing.

2.1 Each Member shall have only one membership, regardless of the number of Locations owned or served or the number of service connections or accounts the Member may obtain to serve the Location(s) . Each Membership Certificate shall include the name(s) of all owners of the Locations served. When more than one person holds an interest in a Location served, the Member's vote shall be exercised by one of the persons in whose name the Certificate (or their Personal Representative if authorized by power of attorney) is registered, but in no event shall more than one vote be cast with respect to any legal parcel or Membership Certificate.

2.2 Changes to Membership fees and Membership requirements must be proposed and adopted by the Feasibility Board at a properly noticed Board meeting with a quorum established.

2.3 The Cooperative shall accept as a Member any person who meets the Cooperative's qualifications for Membership. In addition:

- A. A Member may only own one Membership...
- B. A Membership may be owned by one or more persons ("Joint Membership").
- C. A Member may not sell, transfer, or redeem a membership without the consent and approval of the Cooperative.
- D. Except for periodic adjustments approved by the Feasibility Directors, Membership fees shall be the same for each Member.
- E. A Membership may be terminated if the Member is not in compliance with the requirements for Membership.

Meetings and Voting:

3.0 Each Membership carries only one vote by the Member(s) as defined in Section 2.0 above. Only those Members in good standing may vote.

3.1 Except as specifically provided in these Bylaws, in every Membership Meeting where an issue is submitted to the Membership for a vote, participation by 10% of the voting Membership shall constitute a quorum. A Member may attend meetings remotely by electronic means if they can hear and be heard by everyone attending the meeting, and such Member is included in a quorum count. Once established, a quorum is maintained until adjournment.

3.2 The times and locations of Membership Meetings shall be determined by the Feasibility Board. Written, printed, or electronic notice, stating the place, day and hour, and in case of a Special Member Meeting the purposes for which the meeting is called, shall be given to each Member either personally or by mail or electronic transmission not less than ten (10) or more than fifty (50) days before the meeting, as specified in Section 3.4 of these Bylaws.

3.3 The first Annual Meeting of the Membership shall be held within six months of the filing of the Articles of Incorporation with the Secretary of State.

3.4 Special Member Meetings, apart from the Annual Meeting of the Membership, may be called by the President or the Feasibility Board by resolution. In addition, the Secretary shall call such a meeting upon the filing of a petition signed by not less than 10% of the Members and stating the business to be brought before the meeting.

3.5 If the Feasibility Board adopts a resolution recommending Membership approval of (a) the purchase of the assets of the Burton Water Company, (b) loan

provisions (including the grant of a lien on the Cooperative's assets) to finance the purchase and water system improvements, (c) Operating Period Bylaws, and (d) updated articles of incorporation (if the Feasibility Board deems appropriate), the entire proposal shall be submitted to the Membership as a single package and, to be effective, must be approved by (1) a simple majority of the entire Membership and (2) two-thirds of all Members voting. Supporting information for the transaction will be submitted to Members no later than ten (10) days or more than fifty (50) days before a Membership Meeting called for this purpose. Voting may be in person, by mail or by electronic transmission, but all votes must be received by the Cooperative prior to a date set in the Membership submittal. Persons voting by mail or electronic transmission shall be deemed present for all purposes of quorum, count of votes and percentages of total voting.

3.6 All other decisions requiring a Membership vote (e.g., dissolution, election of Directors, etc.) shall be decided by a majority of those Members included in the quorum count, once a quorum is established.

3.7 The Feasibility Period Bylaws may be amended by the Feasibility Board at a regular Board Meeting or a Special Board Meeting for that purpose, or by the Members with an affirmative vote by a majority of the total Membership at a Special Membership Meeting for that purpose.

Feasibility Board and Directors:

4.0 The Feasibility Board shall consist of five (5) to seven (7) Feasibility Directors, each of whom meets the membership eligibility in Section 2.0 and is in good standing with the Cooperative.

4.1 Not more than one Member of a Joint Membership may be a Feasibility Director.

4.2 The Feasibility Directors will serve until the election of the Board of Directors for the operational phase of the Cooperative at the first Annual Meeting of the Membership, or a Special Meeting called for that specific purpose.

4.3 No individual Feasibility Director may act on behalf of the Cooperative independently of the Board, unless specifically delegated authority through formal Board resolution or as otherwise provided in the Bylaws.

4.4 Vacancies may be filled by a majority vote of the Feasibility Directors present at any regular meeting of the Feasibility Board, and shall serve the unexpired term of the Feasibility Director's predecessor in office.

4.5 Except in the case of voluntary resignation, removal of a Feasibility Director requires an affirmative vote of at least four (4) members of the Feasibility

Board present at a Feasibility Board meeting previously noticed in writing for that purpose. The written statement of reasons for removal shall be filed with the minutes of the meeting.

Meetings of Feasibility Directors and Voting:

5.0 The Feasibility Board shall establish a regular schedule for meetings, after which no notice for regularly scheduled meetings is required. Special Meetings of the Feasibility Board of Directors may be called by any two Feasibility Officers, provided electronic notice is given to all Feasibility Directors with three (3) days' notice.

5.1 At any meeting of the Feasibility Board, a simple majority of the number of Feasibility Directors then in office shall constitute a quorum for the transaction of business. A Director may attend remotely by electronic means if they can hear and be heard by everyone attending the meeting, and such Feasibility Director is included in a quorum count. At least four (4) of those included in the quorum count must vote in the affirmative to pass a motion. Once a quorum has been established it is in effect until adjournment.

5.2 In furtherance of the purpose of the Cooperative, the Board may take any action not specifically reserved for the Membership in the Articles, Bylaws, or applicable statutes.

5.3 The Board may from time to time by resolution appoint a committee or committees, each consisting of one (1) or more Directors and may include one (1) or more non-Director Members. At the option of the chair of the committee or a majority of the committee members, committee meetings may be conducted in private. No committee shall take any action that shall be binding on the Board but shall submit its reports to the Board at a meeting of the Board. All such committees shall be advisory to the Board and the designation and appointment of any such committee shall not operate to relieve the Board of Directors, or any individual Director, of any responsibility imposed upon them by law.

5.4 The following four standing committees are established by the Board during the Feasibility Period: Finance, Membership, Governance, and Operations. Committee membership is subject to the approval of the board. The Committee Chair must be a Member. Non-members may attend and participate in Committee meetings with the approval of the Committee Chair but may not vote. Committees shall make recommendations to the Feasibility Board as pertinent to Board meeting agenda items and may carry out other duties in service of the purposes of the Cooperative as delegated by the Feasibility Board through Policy or Resolution.

5.5 Any Member in good standing may attend a Feasibility Board meeting. The Board is also authorized to enter Executive Session.

Feasibility Officers:

6.0 The Feasibility Officers of the Cooperative will serve until the first Annual Meeting of the Membership, or a Special Meeting called for that purpose, at which time a permanent Board of Directors will be elected. Directors will be elected to Officer Roles at the first Board Meeting.

6.1 The duties and responsibilities of the Feasibility Officers are:

- A. The President shall preside at all meetings of the Directors and at all meetings of the Membership. The President will coordinate the activities of the Board; will report the general status of the Cooperative to the Membership as necessary.
- B. The Vice-President shall perform the duties of the President in the absence of the President and shall accept such duties delegated to Him/Her by either the Board or the President.
- C. The Secretary shall keep the records of the Cooperative. He/She will seek approval of the minutes of the previous meeting by the appropriate body (Board /Membership). He/She will be responsible for receiving and distributing all correspondence.
- D. The Treasurer shall have charge of all the funds of the Cooperative and shall be responsible for all disbursements and collections. He/She will be responsible for all filings and financial reporting. He/She will report the financial status of the Cooperative to the Board and Membership as necessary.

7.0 Limitation of Liability and Indemnification of Directors and Officers

- A. Limitation of Liability of a Director. No present or future Director of the Cooperative shall be personally liable to the Cooperative or its Members, for monetary damages for any conduct as a Director occurring after the date of the adoption of this Article; provided that no Director shall be released from liability for the following: (i) acts or omissions that involve intentional misconduct by a Director; (ii) acts or omissions that involve a knowing violation of law by a Director; (iii) acts or omissions that involve a knowing violation of the Governing Documents; (iii) voting for or assenting to distributions made in violation of the Articles of Incorporation and Bylaws; (iv) any transaction from which the Director will personally receive a benefit in money, property, or services to which the Director is not legally entitled.
- B. Indemnification of Directors, Officers, Employees, and Agents. Should any person be sued or threatened with suit, either alone or with others, because he or she was or is a Director, Officer, employee, or agent of the Cooperative, in any proceedings other than an action by the Cooperative, indemnity for his or her reasonable expenses incurred, including attorney fees, in the defense of the proceeding may be paid by the Cooperative by decision of the Board if the Board determines

that the person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed, to the best interests of the Cooperative. However, the Corporation shall indemnify a director, officer, employee, or agent of the Corporation if: i) they are wholly successful on the merits or otherwise in the defense of any proceeding to which the person was a party because of being a director, officer, or employee of the Corporation and (ii) the court finds the person's conduct warrants indemnity.

- C. Notice. Any indemnification of a Director in accordance with this Article shall be reported to the Members in a written report describing the proceeding and the nature and extent of such indemnification.
- D. Advances. Reasonable expenses incurred by a Director, Officer, employee or agent who is involved in any capacity in a proceeding by reason of the position held by such person or entity in the Cooperative, may be, but are not required to be, advanced by the Cooperative prior to the final disposition of such proceeding to the full extent allowed by applicable law, as presently in effect and as hereafter amended; provided, however, that the Cooperative shall not advance any such funds unless the Director, Officer, employee or agent promises in a writing delivered to the Cooperative to repay all amounts advanced by the Cooperative in the event that it is later determined that such employee or agent is not entitled to be so indemnified, and that such party deliver security for such obligation that is acceptable to the Cooperative.
- E. Insurance. The Cooperative may purchase and maintain insurance on behalf of any person who is a Director, Officer, employee, or agent of the Cooperative against any liability incurred by such person because of such person's status, whether or not the Cooperative would have the power to indemnify such person against such liability under the provisions of this Article.
- F. Designation of Counsel. The Board shall have the right to designate the counsel who shall defend any person or entity who may be entitled to indemnification, to approve any settlement, and to approve in advance any expense.
- G. Consistency With Applicable Law; Survival of Benefits. The right to indemnification and limitation of liability conferred by this Article shall be interpreted to conform with and shall not create any right that is inconsistent with applicable law, as presently in effect and as hereafter amended. To the full extent allowed by applicable law (as presently in effect and as hereafter amended), the right to indemnification and

limitation of liability conferred by this Article shall continue as to a person who has ceased to be a Director and shall inure to the benefit of the heirs, executors, and administrators of such a person.

- H. Non-exclusivity of Rights. The rights conferred in this Article shall not be exclusive of any other rights which any person may have or acquire under any applicable law (as presently in effect and as hereafter amended), the Articles of Incorporation, the Bylaws, a vote of the Board or the Members of the Cooperative, or otherwise.

8.0 Roberts Rules of Order and Interpretation

- A. The parliamentary authority of the Cooperative shall be Robert's Rules of Order, modern edition, which shall govern all meetings of the Cooperative in all cases where applicable and not inconsistent with the Articles of Incorporation, these Bylaws or any special rules of order the Cooperative may adopt.
- B. These Bylaws are subject to the Washington Corporation Nonprofit Act and must be interpreted so as to conform with that law, as it is interpreted and amended from time to time.

ATTESTATION BY SECRETARY:

These Feasibility Bylaws as hereby revised were approved by the Feasibility Board of Directors at a Board Meeting held on October 19, 2023, at which a quorum was present. The foregoing is a true and accurate record of said Bylaws and vote of approval, attest,

Secretary of the Board

this 19th of October 2023