



BYLAWS

82 West Monticello Drive
Camano Island, Washington 98282

(360) 387-9136

info@camanowater.com

www.camanowater.com

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ARTICLE I. PURPOSES, OFFICE AND AGENT

Section 1. Purposes. The Camano Water Association (“CWA”) is established to provide domestic water for properties within the geographic area served by CWA. Membership in CWA conveys the right to water service in accordance with the CWA Articles of Incorporation, these Bylaws, and the rules and regulations of CWA.

Section 2. Registered Office. The registered office of CWA shall be located in the State of Washington at such place as the Board of Trustees (“Board”) may fix from time to time upon filing of such notices as may be required by law, and the registered agent shall have a business office identical with such registered office. A registered agent so appointed shall consent to appointment in writing, and such consent shall be filed with the Washington Secretary of State.

Section 3. Change of Address. If a registered agent changes the street address of the agent's business office, the registered agent may change the street address of the registered office of CWA by notifying CWA in writing of the change and signing, either manually or in facsimile, and delivering to the Secretary of State for filing a statement of such change, as required by law.

ARTICLE II. MEMBERSHIP

Section 1. Certain Definitions. The following terms shall have the following definitions in these Bylaws:

"Member." The word "Member" shall mean a Person, as defined below, with title to or a purchaser's right to possession of Membership Real Property, as defined below, who has been granted Membership, as defined below.

"Member in Good Standing." The phrase "Member in Good Standing" shall mean a Member who is current in all such Member's financial obligations to CWA.

"Membership." The word "Membership" shall mean the totality of rights and duties of a Member under these Bylaws and under CWA's rules and regulations.

"Membership Real Property." The phrase "Membership Real Property" shall mean real property in Island County, Washington served by CWA.

"Person." The word "Person" shall mean an individual or a corporation, LLC, or any other legal or commercial entity.

Section 2. Eligibility. To be eligible for CWA Membership, a Person must either (a) have title to Membership Real Property after (b) have the purchaser's interest in, and be entitled to the possession of, such Membership Real Property under a real estate contract or other contract to purchase. No Person holding a lien or other encumbrance against Membership Real Property shall be entitled to Membership in CWA unless and until such Person has such interest as set forth in sub-sections (a) or (b) above.

Section 3. Acquisition.

- (a) When qualified as specified in Article II, Section 2, and within ninety (90) calendar days of becoming eligible, the holder of Membership Real Property shall execute, acknowledge and deliver to the

Secretary of CWA ("Secretary") an Application for Membership ("Application") in a form as the Board may prescribe from time to time.

- (b) Upon the Secretary's receipt of the Application and any applicable transfer or filing charge (as prescribed by the Board), CWA shall grant Membership to the Member and shall transfer or assign, or cause to be transferred or assigned, a unique number previously or henceforth associated with the particular Membership Real Property. At least one completed Application for each platted lot shall be recorded with Island County.

Section 4. Entitlement. CWA's granting of Membership entitles the Member to a water connection from an adjacent water main at such cost and under such terms and conditions as provided in the CWA's Bylaws, its rules and regulations and the applicable statutes and regulations of the state of Washington, including without limitation Washington Administrative Code 246-290-490, and any amendments to any thereof.

Section 5. Records. CWA shall keep at its principal place of business a record of each Membership Real Property, its unique number and a record of the date and Member's name(s) corresponding to the issuance of the unique number and all transfers of the Membership Real Property, as well as other records, correspondence, plans and reports generated by or for CWA.

Section 6. Notice. Each Member shall register a notice address with the Secretary of CWA and update such address promptly after it changes. Except as otherwise provided in these Bylaws, CWA shall give any notice to a Member by first class mail.

Section 7. Transfers. A Member may not sell a Membership separately; a Membership must be transferred with, and is only transferable with, Membership Real Property. The transfer of Membership with Membership Real Property terminates any and all interest of the transferring Member in CWA. The transferring Member must pay all delinquent and current charges, assessments, and fees and/or CWA liens against the Membership Real Property prior to transfer. The transferee of Membership Real Property is not entitled to Membership or water service until (a) any delinquent and current charges, assessments, and fees and/or CWA liens against the Membership

Real Property are paid in full, and (b) the transferee submits and CWA accepts an Application.

Section 8. Loss and Reinstatement of Membership.

- (a) An owner of Membership Real Property that fails to timely apply for Membership within ninety (90) calendar days after becoming eligible for Membership under Article II, Section 3 above (i) shall pay such additional Membership fee as the Board shall prescribe at the time of application for Membership; (ii) shall be placed on CWA's waiting list for new Memberships and (iii) may be denied Membership in CWA.

- (b) CWA may revoke the Membership of any owner of "unimproved" (as per FHANA/HUD definition) Membership Real Property if any fee or charge or assessment related to the Membership Real Property has been delinquent for over one (1) year. CWA will timely send notification of revocation to the owner of record of such unimproved Membership Real Property and will allow such owner thirty (30) calendar days from the date of the notification to pay all delinquent amounts in full. An owner whose Membership has been revoked under this sub-section may reinstate such Membership by (i) paying the then current Membership fee, plus all accumulated charges and interest, and (ii) putting the Membership Real Property on CWA's waiting list for new Memberships.

Section 9. Variations. A Person in possession of more than one parcel of Membership Real Property must apply for a Membership for each parcel. Condominiums require one Membership per living unit. At the time of subdivision of tracts with multiple Memberships, CWA must assign each individual lot its own unique number.

Section 10. Surrender. A Member may voluntarily surrender such Member's Membership, along with the right to obtain water from CWA under such Membership, provided all payments are current. CWA will not pay or remunerate the Member on account of such surrender. The applicable holder of record of the Membership Real Property must notify the CWA in writing of such surrender before the surrender can take effect. If Island County determines that two adjoining lots are no longer divisible, one Membership may be surrendered.

Section 11. Additions; Annexation.

- (a) Membership in CWA can only be obtained by transfer of Membership Real Property within the area served by CWA as of December 31, 1989 or by CWA's annexation of adjacent areas. The Board reserves the right to reject any and all applications for additional Memberships.
- (b) Membership within CWA's service area closed December 31, 1989. CWA shall allocate any additional Memberships CWA offers by a waiting list prioritized by date; such additional Memberships shall be subject to the then current Membership fee as prescribed by the Board.
- (c) The Board shall have the authority to approve CWA's annexation of areas, whether by modification of the CWA Comprehensive Water Plan or by other means, under such terms and conditions as the Board shall determine are in the best interests of CWA and its Members.
- (d) Annexation subjects the new area to (i) any and all conditions prescribed by the Board, (ii) CWA's Articles of Incorporation, (iii) to these Bylaws, (iv) as applicable, to the rules and regulations as prescribed from time to time by the Board, and (v) the then current Membership fee for each lot, which fee must be paid at the time of annexation. Once annexed, the new Membership Real Property enjoys the same privileges and is subject to the same obligations as the original Membership Real Property of CWA.

ARTICLE III. MEMBERS MEETINGS AND VOTING

Section 1. Annual Members Meeting.

- (a) The annual meeting of CWA Members (“Annual Members Meeting”) shall be held on the first Saturday of November in each year, at such hour and place on Camano Island as the Board shall prescribe for the purpose of electing Trustees and transacting such other business as may properly come before the Annual Members Meeting.
- (b) CWA shall mail written notice of the Annual Members Meeting to all Members at least twenty (20) calendar days before the Annual Members Meeting. An agenda for the Annual Members Meeting, along with position statements by candidates for Trustee positions, shall be included with the notice. The notice shall include ballots and/or proxy forms as needed in compliance with this Article.
- (c) Twenty (20) calendar days prior to the Annual Members Meeting, the Board shall prepare and have available to Members copies of: (i) the minutes of the previous Annual Members Meeting; (ii) a tentative budget for the coming fiscal year; (iii) a Treasurer’s report summarizing the operation of CWA through the previous and current fiscal year to date including variations from the budget; (iv) a Manager’s report; (v) a list of planned capital projects with estimated costs and scheduling; and (vi) other reports expected to be discussed at the Annual Members Meeting.

Section 2. Special Meetings. The President or three (3) members of the Board may call special meetings of CWA Members (“Special Members Meeting”) at any time. CWA shall mail written notice of all Special Members Meetings, setting forth the business to be transacted at the meeting, to all Members at least ten (10) calendar days before the Special Members Meeting.

Section 3. Waiver of Notice. Whenever CWA is required to give notice to any Member under the provisions of these Bylaws, the Articles of Incorporation or applicable Washington law, a waiver thereof in writing, signed by the Person or Persons entitled to such notice, whether before or

after the time stated therein, shall be deemed equivalent to the giving of such notice.

Section 4. Voting.

- (a) Each Member shall be entitled to one vote per issue or Trustee position regardless of the number of Memberships such Member holds. A husband and wife, or any other combination of Persons or organizations, shall be considered one Member for voting purposes. Each Member entitled to vote at any election of Trustees may cast one vote for as many Persons as there are Trustees to be elected; cumulative voting is not permitted.
- (b) Except as otherwise provided in these Bylaws or required by law, a simple majority of votes upon an issue or election shall decide the issue or election.
- (c) CWA shall send out proxy forms to Members for voting on matters at an Annual or Special Members Meeting. Proxies, instructed or uninstructed, must be in writing and must be filed with the Secretary at or before the Annual or Special Members Meeting to which they apply.
- (d) Those Members in attendance in person or by proxy shall constitute a quorum.
- (e) In lieu of calling a Special Members Meeting, the Board may submit any issue or Trustee election to the Members by a mail ballot process. The notice shall clearly indicate that the mail vote will decide the issue(s) and that there will be no voting on the issues at a Meeting. A secret ballot process is preferable. Those ballots that Members return, by mail or by hand delivery, properly marked and signed, and that the CWA receives before the deadline set for return of ballots, shall constitute a quorum for purposes of the vote. CWA shall retain ballots for at least three months after the vote and Members may inspect such ballots.

- (f) For all matters to be voted upon (except Trustee candidates), the Board shall include with the notice a written statement of the Board's position and a written statement in opposition. If no opposition is offered after solicitation of a contrary opinion from Members, the Board shall state that no opposing statement has been offered shall be stated.

- (g) Unless Members at a meeting adopt previously-prepared standing rules or other simple parliamentary procedures, Robert's Rule of Order shall be the parliamentary authority for the conduct of all Members Meetings.

ARTICLE IV. BOARD OF TRUSTEES

Section 1. Powers. The management of all the affairs, property and interests of CWA shall be vested in the Board. In addition to the powers and authorities expressly conferred upon it by these Bylaws and by the Articles of Incorporation, the Board may exercise all such powers of CWA and do all such lawful acts as are not prohibited by statute or by the Articles of Incorporation or by these Bylaws, except such as are required by law or by these Bylaws to be executed by the Members. The Board shall specifically, but without limitation, hire, fix the compensation, and designate the responsibilities of employees. In addition, the Board may make and enforce such rules and regulations governing the use and operation of the water system and of water facilities as the Trustees consider to be in the best interest of the CWA and its Members as provided in these Bylaws and the applicable statutes and regulations of the state of Washington, including without limitation Washington Administrative Code 246-290-490, and any amendments to any thereof, and all Members shall be bound thereto.

Section 2. General Standards for Trustees. A Trustee shall discharge the duties of a Trustee, including duties as a member of a committee:

- (a) in good faith;
- (b) with the care an ordinary prudent Person in a like position would exercise under similar circumstances; and
- (c) in a manner the Trustee reasonably believes to be in the best interests of CWA and its Members.

Section 3. Number and Term. The Board of Trustees shall consist of five (5) individuals. The Members shall elect the Trustees at each Annual Members Meeting to hold office for a term of three (3) years and until their respective successors are elected and qualified. A Trustee may be re-elected. The positions shall be staggered so that at least one three-year term expires each year at the time of the Annual Members Meeting.

Section 4. Change of Number. The number of Trustees may at any time be increased or decreased by amendment to these Bylaws by resolution of the Trustees at any Annual Trustees Meeting, Special Trustees Meeting or Regular Trustees Meeting, all as defined below.

Section 5. Eligibility. Each Trustee must be and remain a CWA Member in Good Standing. A Trustee who no longer owns Membership Real Property shall immediately resign, or may be removed, from the Board. CWA Employees are not eligible for election to, or service on, the Board.

Section 6. Candidacy and Election. The Board shall nominate Members for Board positions open for election, whether or not an incumbent eligible to run currently occupies such position, and Members may nominate themselves by submitting their names to the Secretary. The Secretary must receive all nominations at least forty (40) calendar days before the Annual Members Meeting. Ballots shall provide for "write-in" candidates. Unless all candidates specify for which opening they are running, the election shall be at large with the candidates receiving the most votes elected. When terms differ, the longer term shall be awarded to the candidate with more votes. Voting for Trustees shall be conducted in accordance with the provisions of Article III, Section 4 of these Bylaws.

Section 7. Regular Trustees Meetings. Regular pre-scheduled meetings of the Board ("Regular Trustees Meetings") or any committee may be held without notice at the registered office of CWA or at such other place or places, either within or without the State of Washington, as the Board or such committee, as the case may be, may from time to time designate. The first Regular Meeting of the Board after the Annual Members Meeting shall be the Board's annual meeting ("Annual Trustees Meeting") at which the Board shall elect Officers (as defined below), appoint committees and take such other actions as are common at an Annual Trustees Meeting.

Section 8. Special Trustees Meetings.

- (a) The President or any three Trustees may call Special Meetings of the Board ("Special Trustees Meetings") (Annual Trustees Meetings, Regular Trustees Meetings and Special Trustees Meetings, collectively, "Meetings") at any time by, to be held at the registered office of CWA or at such other place or places as the Board or the

Person or Persons calling such Special Trustees Meeting may from time to time designate. The Secretary shall give the Trustees notice of all Special Trustees Meetings, stating the date, time and place thereof, at least two (2) calendar days prior to the date of the Special Trustees Meeting, in accordance with the provisions of these Bylaws.

- (b) Special meetings of any committee of the Board may be called at any time by such Person or Persons and with such notice as shall be specified for such committee by the Board, or in the absence of such specification, in the manner and with the notice required for Special Trustees Meetings.
- (c) All Meetings are open to Members except executive sessions.

Section 9. Waiver of Notice. A Trustee may waive any notice required by law, by the Articles of Incorporation or by these Bylaws before or after the time stated for the Meetings, and such waiver shall be equivalent to the giving of such notice. Such waiver must be in writing, signed by the Trustee entitled to such notice and delivered to CWA for inclusion in the minutes or filing with the CWA records. A Trustee's attendance at or participation in a Meeting shall constitute a waiver of any required notice to the Trustee of the Meeting unless the Trustee at the beginning of the Meeting, or promptly upon the Trustee's arrival, objects to holding the Meeting or transacting business at the Meeting and does not thereafter vote for or assent to action taken at the Meeting.

Section 10. Quorum. A majority of the full Board shall be necessary at all Meetings to constitute a quorum for the transaction of business. If a quorum is present when a vote is taken, the affirmative vote of a majority of the Trustees present is the act of the Board, except as otherwise provided in these Bylaws.

Section 11. Registering Dissent. A Trustee who is present at a Meeting of the Board at which action on any business matter is taken is deemed to have assented to such action unless (a) the Trustee's dissent or abstention from the action is entered in the minutes of the Meeting; or (b) the Trustee delivers written notice of the Trustee's dissent or abstention to the presiding Officer of

the Meeting before its adjournment or to the Board within a reasonable time after adjournment of the Meeting. The right to dissent or abstain is not available to a Trustee who voted in favor of the action taken.

Section 12. Action by Trustees Without a Meeting.

- (a) Any action required or permitted to be taken at a Meeting of the Board, or of a committee thereof, may be taken without a Meeting if all Trustees take the action. The action must be evidenced by one or more written consents setting forth the action taken, signed by each of the Trustees, or by each of the members of the committee, as the case may be, either before or after the action taken, and delivered to Board for inclusion in the minutes or filing with CWA's records. Subject to appropriate safeguards, consents transmitted by facsimile or by e-mail shall be considered valid written consents.
- (b) Action taken under this Section is effective when the last Trustee signs the consent, unless the consent specifies a later effective date.

Section 13. Participation by Means of Communications Equipment. Any or all Trustees may participate in a Meeting of the Board (or of a committee thereof) by, or may conduct the Meeting through the use of, any means of communication by which all Trustees participating can hear each other during the Meeting.

Section 14. Committees.

- (a) The Board, by resolution adopted by a majority of the Board, may create one or more committees of Trustees. Each committee must consist of one or more Trustees, together with such other Persons not serving as Trustees as the Board shall approve all of whom serve at the pleasure of the Board. To the extent specified by the Board, each committee may exercise the authority of the Board, except that no committee shall have the authority to:
 - (i) approve action that by law is required to be approved by the Trustees and/or Members, including, but not limited to, merger, consolidation or the sale, lease or exchange of all or substantially all of the property and assets of CWA not in the ordinary course of business;

- (ii) elect, appoint, or remove Trustees, Officers or any member of any committee;
 - (iii) amend the Articles of Incorporation;
 - (iv) adopt, amend or repeal these Bylaws; or
 - (v) approve a plan of merger not requiring Trustee and/or Member approval.
- (b) The creation of, delegation of authority to or action by a committee does not relieve the Board, or any individual Trustee, of any responsibility imposed upon the Board or an individual Trustee by law.
- (c) The Board may appoint each member of a committee at any Meeting, and each term shall continue until the next Annual Trustees Meeting and until the member's successor is appointed, unless the committee shall be sooner terminated, or unless such member be removed from such committee, or unless such member cease to qualify as a member thereof.
- (d) Appointments made in the same manner as provided in the case of the original appointments may fill vacancies in the membership of any committee.
- (e) Unless otherwise provided in the resolution of the Board designating a committee, a majority of the whole committee shall constitute a quorum and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the committee.

Section 15. Vacancies. All vacancies in the Board occurring between Annual Members Meetings, whether caused by resignation, death or otherwise, shall be filled by election of the remaining Trustees at any Regular Trustees Meeting or Special Trustees Meeting.

Section 16. Resignation. A Trustee may resign at any time by delivering written notice to the President or the Secretary. A resignation is effective when the notice is delivered unless the notice specifies a later effective date.

Section 17. Recall and Removal.

- (a) The Members may recall any Trustee by a process beginning with a petition to the Board signed by fifteen (15) percent of the Members in Good Standing. Upon receipt of the petition, the Board shall, within twenty (20) days, mail notices of a Special Members Meeting to consider the recall action and naming the Board member who is under threat of recall. The notice shall include provision for instructed proxy voting by Members. The Special Members Meeting shall be held between twenty-one (21) and thirty-five (35) calendar days from the date of mailing. Removal from the Board requires majority approval of those Members voting, in accordance with the provisions of these Bylaws.

- (b) The Board may also remove a Trustee from the Board by a unanimous affirmative vote of the remaining Trustees at any Special Trustees Meeting called for that purpose.

Section 18. Remuneration. The Trustees may at the discretion of the Board receive reasonable compensation for their services as Trustees. CWA may reimburse Trustees for expenditures incurred on behalf of CWA. Trustees may receive reasonable compensation for other services not related to service as Trustees provided to CWA; provided, however, a Trustee employed full-time by CWA shall resign, or may be removed, from the Board.

ARTICLE V. OFFICERS

Section 1. Officers. The officers of CWA shall be a President, a Vice President, a Secretary and a Treasurer, or a Secretary-Treasurer (collectively "Officers"). Each Officer shall be elected annually by the Board from among the Trustees at the Annual Trustees Meeting. Officers shall hold office for a term of one year and until a successor is elected. Any Officer may be suspended or removed from office by the vote of a majority of the remaining Trustees.

Section 2. President. The President shall preside at all meetings of CWA and of the Board, shall see that the Bylaws are enforced, shall perform all duties incident to the office, and shall suggest such actions to the Board as are deemed in the best interests of CWA and its Members. The President shall possess power to sign all certificates, contracts and other instruments of CWA. The President shall perform all such other duties as are incident to the office of President or are properly required by the Board.

Section 3. Vice President. In the absence or disability of the President, the Vice President shall perform the duties and have the authority of the President. In the absence of both the President and the Vice President at a meeting of the Board or of CWA, the Secretary or Treasurer shall preside. The Vice President shall also perform such other duties as are incident to the office of Vice President or are properly required by the Board.

Section 4. Secretary. The Secretary issues notices for all Meetings and shall cause minutes of all Meetings of CWA and of the Board to be prepared and kept. Custody of the corporate records and Membership books shall be the responsibility of the Secretary or as designated by the Board. The Secretary shall perform such other duties as are incident to the office of corporate secretary or are properly required by the Board.

Section 5. Treasurer. The Treasurer shall have responsibility for the funds and accounts of CWA subject to the direction of the Board and the President. The Treasurer shall disburse the funds of CWA in payment of the just demands against CWA or as may be ordered by the Board, taking proper vouchers or receipts for such disbursements, and shall render to the Board from time to time as may be required an account of all transactions as Treasurer and of the financial condition of CWA. The Treasurer shall perform

such other duties incident to the office of Treasurer or are properly required by the Board. The duties of the Secretary and the Treasurer may be combined into the office of Secretary-Treasurer.

Section 6. Vacancies; Resignation; Removal. The Board may fill vacancies in any office arising from any cause at any Meeting of the Board. An Officer may resign at any time by delivering notice to the Board. Such notice shall be effective when delivered unless the notice specifies a later effective date. Any such resignation shall not affect the CWA's contract rights, if any, with the Officer. By the affirmative vote of a majority of the Board, CWA may remove any Officer elected or appointed by the Board at any time, but such removal shall be without prejudice to the contract rights, if any, of the Person so removed.

ARTICLE VI. CERTAIN LIABILITIES ELIMINATED; INDEMNIFICATION

Section 1. Certain Liabilities Eliminated.

- (a) **Civil Liability.** Present and former Trustees and Officers of CWA, and their marital communities, estates, heirs, executors and administrators, shall not be civilly liable for any act or omission in the course and scope of their official capacities and their liability is eliminated to the maximum extent permitted by Washington law.
- (b) **Personal Liability.** Personal liability of present or former elected Trustees and Officers of CWA, including liability for monetary damages for conduct as a Trustee or Officer, is eliminated to the maximum extent permitted by Washington law; provided, however, that the preceding clause shall not eliminate or limit the liability of a Trustee or Officer for acts or omissions that involve intentional misconduct by a Trustee or Officer or a knowing violation of law by a Trustee or Officer, or liability of a Trustee or Officer for any transaction from which the Trustee or Officer will personally receive a benefit in money, property or services to which he or she is not legally entitled.
- (c) **Maximum Elimination of Liability.** Without restricting or detracting from the scope of the elimination of liability stated above, present and former elected Trustees and Officers of CWA (and their marital communities, estates, heirs, executors and administrators) shall have the benefit of the maximum elimination of liability (or limitation or reduction of liability if those are the maximum relief from liability permitted) which are contained in Revised Code of Washington, including RCW 4.24.264 and RCW 24.03.025, and any superseding statute or statutes.

Section 2. Indemnification.

- (a) **Indemnification.** CWA shall indemnify its present and former elected Trustees and Officers who hereafter become parties to, or are threatened with being made parties to, any threatened or pending suit or proceeding, whether civil or criminal, administrative or investigative, including any action, suit or proceeding by or in the right of CWA (any and all of the same are referred to in this Section

2 as a “pending action”) against personal liability for any of the following:

- i. Monetary damages for their conduct as Trustees or Officers;
- ii. Judgments, fines, penalties, and amounts paid in a settlement or settlements arising from a pending action against them; and
- iii. Reasonable attorney fees, expenses and costs of litigation arising from any such pending action.

The above described right of indemnification shall be available to present and former elected Trustees and Officers of CWA to the maximum extent permitted by the laws of Washington.

- (b) **Monetary Damages.** Under the rights granted above to present and former elected Trustees and Officers of CWA to receive indemnification, CWA may, in advance of final determination of such a pending action, make payments to or for the benefit of such present or former elected Trustees and Officer of monetary damages as described above, as well as other judgments, fines, penalties, attorney’s fees, expenses, and costs of litigation, to the maximum extent permitted by the laws of Washington.
- (c) **Benefits.** The benefits of this Article 6 shall extend to the estates, heirs, executors and administrators of present and former elected Trustees and Officers of CWA.
- (d) **Insurance.** Nothing in Section 1 or this Section 2 shall be construed to preclude CWA from purchasing and maintaining insurance for the benefit of its present and former elected Trustees and Officers (as well as its present and former employees and agents) against personal liabilities arising from their service to CWA, including liability for monetary damages and attorney’s fees and costs and expenses of litigation, including personal liabilities arising from actions taken from such persons prior to the effective date of this Section 2. Such insurance coverage may provide broader coverage than the indemnity and right to reimbursement and/or advance payment provided under other sections of this Section 2. Nothing in Section 1 or this Section 2 shall be construed to make the obligations of an insurance carrier secondary to the obligations of CWA.

ARTICLE VII. FINANCES

Section 1. Records. The Board shall set the CWA's fiscal year and all annual financial statements and reports shall be tied to the fiscal year. An independent CPA selected by the Board shall annually review the financial records of CWA and issue a report each year. These reports are the official financial records of CWA and are available to Members upon reasonable request.

Section 2. Debts. All notes and other evidences of indebtedness of CWA shall be signed by the Treasurer and countersigned by another Officer of CWA.

Section 3. Moneys. Moneys of CWA shall be deposited in its name in a depository to be selected by the Board. The Treasurer and the designated representative actually handling the books and moneys of CWA shall procure and maintain a fidelity bond in such form and amount as the Board shall require, and CWA shall pay the premium therefor. Except for transfers within CWA's own accounts, money on deposit to the credit of CWA shall be withdrawn, unless otherwise specifically ordered by the Board, only by check signed by any two Trustees.

Section 4. Budget. The Board shall present a tentative budget for the coming fiscal year to the Members at the Annual Members Meeting. The Board shall consider Members' suggestions in preparing the final budget.

ARTICLE VIII. DUES, FEES, CHARGES, ASSESSMENTS, COLLECTIONS

Section 1. Authority. The Board shall have the authority to levy and collect dues, fees, charges, and assessments from and against its Members and from and against the Membership Real Property owned, being purchased, and/or otherwise acquired by its Members. The Board shall further have the authority to impose liens and foreclose on them for non-payment or for any other default with respect to any lawful provisions of these Bylaws and/or rules and regulations. Fees, charges and assessments levied against and upon Membership Real Property shall be and remain a lien upon such Membership Real Property until paid.

Section 2. Rates. The Board will set water service rates and fees after examination of relevant costs and benefits. Reminders for delinquent accounts shall be sent as the Board shall direct. CWA shall advise Members by mail of changed water rates or standby fees not less than thirty (30) calendar days before such rates or fees go into effect.

Section 3. Hookups. When a Member requests a hookup, and in advance of that hookup, the Member shall pay the then-current hookup charge and the hookup-to-system fee established by the Board.

Section 4. Discontinuation of Water Service.

- (a) CWA may discontinue water service after any fee or charge or assessment has been delinquent for sixty (60) calendar days. The Board may impose reasonable charges for disconnection and reconnection.
- (b) CWA may discontinue water service when a Member's usage is excessive or irresponsible, in the Board's reasonable determination, upon the vote of eighty percent (80%) of the Board. The Member whose service is discontinued must give the Board adequate written assurance of reasonable and responsible usage before CWA will restore service.

- (c) CWA will not discontinue water service until notifying the occupant in person or posting the Membership Real Property. If the occupant is not the Member, CWA will also notify the Member in writing by certified mail, return receipt requested.
- (d) Discontinuation of service shall not (i) relieve the Member from the payment of delinquencies or from payment of fees, charges, or assessments thereafter becoming due or (ii) discharge the lien upon the Membership Real Property.
- (e) Upon the Member's payment of all fees, assessments, charges and associated interest and attorney's fees, CWA will promptly restore water service.
- (f) Any Member whose water service was discontinued shall have no claim against CWA, its Board, Officers or employees for any direct, indirect, incidental or consequential damages due to discontinuance of water service.

Section 5. Liens. CWA may, at CWA's option, foreclose liens filed for delinquent fees, charges or assessments either (i) by action in Island County Superior Court in any manner allowable by law or (ii) non judicially as allowed by Washington law.

Section 6. Attorney's Fees. If CWA refers a Member's account to an attorney for foreclosure of CWA's lien or other collection of fees, assessments, charges or dues, the Member shall reimburse CWA's reasonable attorney's fees and costs, including title insurance policies.

ARTICLE IX. AMENDMENTS

Section 1. Articles of Incorporation. To amend CWA's Articles of Incorporation, the Board shall, by majority vote, adopt a resolution setting forth the proposed amendment and submit it to a vote at the Annual Members Meeting or at a Special Member Meeting. The Board shall give each Member entitled to vote at such Meeting notice as provided in these Bylaws, setting forth a summary of the changes. The proposed amendment shall be adopted upon receiving at least two-thirds of the votes cast at such Meeting.

Section 2. Bylaws. The Board may alter, amend or repeal the Bylaws, or adopt new Bylaws, by a majority vote of Trustees present at any Meeting of the Board.

ARTICLE X. DISSOLUTION

Upon the CWA's dissolution, its assets shall be reduced to cash and distributed as follows: (a) secured indebtedness shall first be paid in accordance with the priority of lien thereof; (b) preferred indebtedness shall next be paid in the order of preference; (c) remaining indebtedness of CWA shall thereafter be paid, or, if the fund is not sufficient, the amount available shall be ratably applied; and (d) any remaining balance shall be distributed in equal shares to the Members.

The Bylaws of Camano Water Association were adopted by a vote in excess of two-thirds of the members voting on August 21, 2015, to be effective immediately.

Richard D. Atkins, Secretary
Richard Duane Atkins