

**BYLAWS  
OF THE  
DOCKTON WATER ASSOCIATION**

**With amendments through August 17,  
2023**

**PREAMBLE**

The Dockton Water Association is chartered by the State of Washington as a not-for-profit corporation the purpose of which is to provide water for domestic and other municipal purposes to its members. The Association is also recognized for tax purposes by the U.S. Internal Revenue Service as a "501(c)" non-profit organization. *[Amended by a majority of a quorum of shareholders at the June 20, 2015 annual meeting]*

**ARTICLE I - MEMBERS**

1.1. QUALIFICATIONS.

Any person qualified to own real estate in the State of Washington and who has legal or equitable title to or evidence of title to any portion of land within the area served by the Dockton Water Association, shall, upon application for membership and tender of the current membership fee, or such other fees as may, from time to time, be approved by vote of the Board of Directors of the corporation, be admitted to membership in the corporation. Except as elsewhere provided, membership is restricted to single family residences. Membership in the corporation shall, nevertheless, be conditioned upon the ability of the corporation to deliver service to the property of the applicant in a manner consistent with industry standards, the regulations governing Class A Water Systems and the service limitations established by the Washington State Department of Health.

1.2 ENTITLEMENTS.

1.2.1. **Membership in the corporation** shall, in the absence of an emergency, entitle members to a supply of water sufficient to serve the normal needs of one single family residence with appurtenant lawns, gardens, orchards, etc.

1.2.2. **Voting.** Each membership shall be entitled to one vote on all matters placed for vote by the general membership. Matters brought to a vote shall be decided by simple majority.

1.3 EXCEPTIONS TO SINGLE FAMILY RESIDENCE MEMBERSHIPS.

1.3.1. **An auxiliary residence**, occupied for at least two consecutive months per year, located on the same property as the primary residence, shall require a full membership .

1.3.2. **Memberships may be obtained for non-domestic uses** under conditions specified by the Board of Directors, who shall insure that the provision of such service does not degrade the ability to serve single family residences.

1.4. LOCATION OF SERVICE.

Members are entitled to water from a point in the existing distribution system selected based upon industry standard engineering practices and consistent with a conceptual system design for the distribution system which is based upon full development of properties within the service area under prevailing zoning and building restrictions. All costs incident to connecting to the system shall be borne by the member concerned. As a condition of membership in the Association, each member agrees to grant the Association and its agents reasonable access to his or her property for the sole purpose of installing, inspecting, maintaining, repairing and/or replacing any component of the water system that is located or proposed to be located on the member's property. *[Amended by a majority of a quorum of the shareholders at the June 18, 2011 annual meeting]*

1.5. MEMBERSHIP CLASSIFICATION.

Membership shall be divided into two classes, "Full Membership" and "Reserved Membership". "Full Membership" applies to those members presently being served by the water system, and who are otherwise in good standing with the corporation. The "Reserved Membership" category consists of those members owning a water share and in good standing with the corporation, but who are not presently being served by the water system.

#### 1.6. COMPUTATION OF CHARGES FOR WATER.

- 1.6.1. **Establishment of Charges.** All rates shall be established by the Board and published for the membership.
- 1.6.2. **Charges for Single Residences.** Charges for water shall be computed as follows:
  - 1.6.2.1. Assessment of a base rate for service and additional charges for the actual usage of water over the amount included, if any, in that base rate.
- 1.6.3. **Charges for Reserved Memberships.** "Reserved Memberships" shall pay the same base rate as Single Residences to maintain their membership in good standing. [*Amended by a majority of a quorum of shareholders at the June 24, 2021 annual meeting*]
- 1.6.4. **Auxiliary Dwellings.** An auxiliary dwelling shall be billed for water service at the base rate, in addition to the primary dwelling's billing at the base rate plus overages, regardless of being served through the same meter.
- 1.6.5. **Non-Domestic Users.** The Board of Directors shall determine the charges made to non-domestic users.

#### 1.7. MEMBERSHIP OWNERSHIP.

A membership is assigned to a specific property and transfers with that property upon change of property ownership only when all outstanding water bills charged to that property have been paid. Transfer to another property is not allowed, regardless of ownership, except when approved by the Board of Directors. When a member wishes to relinquish their membership, the member will be reimbursed by the Association at the then current Membership Reimbursement Fee less any amounts owing the Association (or as otherwise defined in any purchase agreement) and subject to the Board's then current Waiting List Policy. [*Amended by Shareholder vote, June 2023.*]

#### 1.8. EXPULSION OF MEMBERS.

- 1.8.1. **For Non-Payment.** Any member who, for a period of ninety days after due date, fails to pay any assessments levied by the Board of Directors for water service, betterments, maintenance, or damage inflicted on the corporation's property by such member's action or neglect, may upon majority vote of the Board of Directors, be stricken from the list of members and thereafter neither such ex-member or persons occupying property owned by such ex-member shall be entitled to any service or privilege of the members of this corporation. In such event the corporation shall refund to the ex-member the amount of his membership fee paid less any amounts owing the corporation, including charges to discontinue service to the member. If reapplication for service is made, upon approval of the Board of Directors, the current membership fee and reconnection fee shall be charged to and paid by the applicant prior to reconnection.
- 1.8.2. **For Failure to Comply with Bylaws, Rules & Regulations.** Any member failing to comply with the provisions of the Bylaws and/or Rules and Regulations published by the Board of Directors may upon majority vote of the Board of Directors, be stricken from the list of

members and thereafter neither such ex-member or persons occupying property owned by such ex-member shall be entitled to any service or privilege of the members of this corporation. In such event the corporation shall refund to the ex-member the amount of his membership fee paid less any amounts owing the corporation, including charges to discontinue service to the member. If reapplication for reinstatement is made, upon approval of the Board of Directors, the current membership fee and reconnection fee shall be charged to and paid by the applicant prior to reconnection.

1.9. INSPECTION OF RECORDS.

1.9.1. Minutes of the Annual Meetings and meetings of the Board of Directors, together with all other records required by RCW 24.03.135, shall be available for inspection by members.

1.10. ANNUAL MEETING.

The annual meeting of the members shall be held on a Saturday in June in each year at 10 a.m. for the purpose of electing Directors and transacting such other such other business as may properly come before the meeting. [amended by a majority of a quorum of shareholders at the June 22nd, 2019 annual meeting] Special meetings of the membership of the Dockton Water Association may be called from time to time at the discretion of the Board of Directors or by a petition submitted by a member to the Board of Directors. Such petitions must bear the signatures of at least 1/20<sup>th</sup> of the Association's membership. The time and place of any meeting shall be designated in the notice of the meeting, which shall be mailed not less than fourteen or more than thirty days prior to the meeting.

1.10.1. **Quorum.** At any meeting of the membership of the Dockton Water Association, ten percent of the membership, represented in person or by proxy, who are then in good standing and thereby entitled to vote, shall constitute a quorum. Each membership shall be entitled to one vote. Votes may be cast in person, by mail, or by proxy. If a quorum shall fail to attend either in person, by mail, or by proxy, the presiding officer may adjourn the meeting without notice until a quorum shall attend and thereupon proceed with business. *[Amended by a majority of a quorum of shareholders at the June 20, 2015 annual meeting]*

1.10.2. **Agenda.** The members shall elect directors to fill vacancies then occurring for three year terms, hear reports from officers, and conduct such other business as may properly come before the members.

1.10.3 **Proxy Votes.** Proxy votes require a letter of authorization signed by the member. For the annual meeting of members, the signed ballots will serve as proxy votes.

1.11. SALE OF CAPITAL ASSETS.

Any sale, exchange, or transfer, with or without consideration, of any asset of the corporation of a current market value of \$5000, shall require the approval of a majority of the members in attendance, in person or by proxy, at any regular or special meeting called for that purpose.

**ARTICLE II - BOARD OF DIRECTORS**

2.1. NUMBER.

The business and property of the Dockton Water Association shall be managed by a board of seven directors.

2.2. ELECTION OF DIRECTORS.

The directors of the Dockton Water Association shall be elected from those nominated by a committee appointed by the president, by a majority vote of the membership of Dockton Water Association represented in person, by mail, or by proxy at the annual meeting of the membership. Members wishing to suggest nominations shall contact the Secretary no later than 60 days prior to the annual meeting.

2.3. QUALIFICATIONS OF DIRECTORS.

All members of the Board must be members of the Dockton Water Association and in good standing during their term of office.

2.4. TERM.

Terms of office shall be two years, starting or ending immediately upon the close of the annual meeting of the membership. *[Amended by a majority of a quorum of the shareholders at the June 20, 2015 annual meeting]*

2.5. ANNUAL MEETING OF DIRECTORS.

The annual meeting of the Board of Directors shall be held immediately following the annual meeting of members.

2.6. REGULAR MEETINGS OF DIRECTORS.

The regular meetings of the Board of Directors shall be held at least once each calendar quarter. Notice need not be given of the annual meeting or of any regular meeting of the board. The President may call special meetings of the Board by giving (3) three day notice to the Directors in writing of the time and place of such meeting.

2.7. VOTING.

Each member of the Board of Directors shall possess one vote in matters coming before the Board. Voting at meetings of the Board of Directors shall be in person or by proxy. Four members of the Board of Directors shall constitute a quorum. Any action taken by the Board shall be by simple majority of members present and/or by proxy.

2.7.1 Proxy votes. Proxy votes require a letter of authorization signed by the absent board member.

2.8. BOARD VACANCIES.

Any vacancy occurring on the Board by reason of death, resignation or removal of a director shall be filled by a majority vote of the remaining members of the Board. Such appointee shall serve during the unexpired term of the director whose position has become vacant.

2.9. REMOVAL OF DIRECTOR.

2.9.1. **By the Board.** Any director may be removed by the Board if it determines that such removal is in the best interest of the Dockton Water association. Without limitation of the foregoing, two unexcused absences from two consecutive meetings may constitute grounds for removal. Notice of the proposed removal, stating the grounds for removal, shall be given to said director not less than fifteen (15) days prior to the day of the meeting at which the proposed action will be taken. The director, at his option, may appear at said meeting and may present such witnesses and evidence as he may desire. Removal of any director shall be only by a majority of the entire Board.

2.9.2. **By Membership Vote.** Any director may also be removed from office by a majority vote of the membership at any regular or special meeting of the membership of the corporation.

Notice of the proposed removal, stating the grounds for removal, shall be given to said director not less than fifteen (15) days prior to the date of the meeting at which the proposed action will be taken. The director, at his option, may appear at said meeting and may present such witnesses and evidence as he may desire. Removal of any director shall be by a majority of the entire membership of the Dockton Water Association.

**2.10. ELECTION OF OFFICERS.**

At the annual meeting of the Board of Directors, the members of the Board of Directors shall elect from members of the Board the President, Vice President, Secretary and Treasurer of the Dockton Water Association.

**2.11. COMPENSATION.**

The directors shall be entitled to such compensation for their services as shall be determined, from time to time, by a majority vote of the members present in person or by proxy at any regular or special meeting of the membership of the Association. Until such time as compensation shall be established, they shall be entitled to no compensation.

**2.12. RULES AND REGULATIONS.**

The Board of Directors shall have the power and authority, from time to time, to promulgate such rules and regulations regarding the supply and usage of water and connections to or extensions of the system as it deems in the best interest of the membership of the corporation.

**2.13. BOARD DUTIES AND FISCAL AUTHORITY.**

The duties and the fiscal authority of the Board of Directors to and for the membership shall be as follows.

- 2.13.1. The Board shall be responsible for the physical operation of the water system.
- 2.13.2. The Board shall be responsible for the fiscal health of the Water Association.
- 2.13.3. The Board shall be responsible for the business of the water system, which includes but is not limited to:
  - 2.13.3.1. The setting of fees.
  - 2.13.3.2. The billing and collecting for water service.
  - 2.13.3.3. The payment of loans, taxes, labor, and utilities.
  - 2.13.3.4. Payment for unscheduled maintenance and repairs to be a limit of \$15,000 per completed job. Scheduled expenses as listed in the membership-approved proposed annual budget or manager/operator contract shall not be subject to such limitation.
  - 2.13.3.5. The preparation and keeping of records pertinent to the business.
  - 2.13.3.6. Establishment and maintenance of an Emergency Reserve Fund of not less than \$30,000. Expenditures from this fund may be made only in accordance with the provisions of paragraph 2.14.
  - 2.13.3.7. The preparation and mailing of a detailed yearly financial statement and proposed annual budget mailed directly to each share holder for membership ap-

proval.

2.14. EMERGENCY AND EXTRAORDINARY EXPENDITURES.

- 2.14.1. The Board may authorize emergency and/or extraordinary expenditures up to the limit of the Emergency Fund.
- 2.14.2. An "Emergency" exists when:
  - 2.14.1.1. There is an uncontrollable rupture in the system with loss of service and/or actual or threatening property damage.
  - 2.14.1.2. Unexpected failure of existing equipment.
  - 2.14.1.3. Unexpected damage to reservoirs, well, or water source of the existing system.
- 2.14.3. "Extraordinary" requirements are those rare situations which, in the opinion of the Board, are in imminent danger of becoming "Emergency" status and where preventive measures would save cost and/or liability.

2.15. LIMITATIONS TO THE FISCAL AUTHORITY OF THE BOARD.

The Board may not:

- 2.15.1. Obligate the Association to any costs exceeding the provisions of 2.13.3.4 and 2.14, without the approval of the membership.
- 2.15.2. Sell more shares for water than provided for in the current approved Operating Permit issued by the State Department of Health.

**ARTICLE III - OFFICERS**

3.1. PRESIDENT.

The President of the corporation shall supervise all activities of the corporation, execute all instruments on it's behalf, preside at all meetings of the Board of Directors and of the membership of the Dockton Water Association, call such meetings of the membership as shall be deemed necessary in addition to the annual meeting of the members, call special meetings of the Board of Directors, and perform such other duties as are usually inherent in such office.

3.2. VICE PRESIDENT.

The Vice President shall act for the President in his/her absence and perform such other duties as the President may direct.

3.3. SECRETARY.

The Secretary shall keep records of the Board of Directors and of the Corporation, keep records of the proceedings of the Board of Directors and members, shall countersign and execute such documents with the President as may be required, and perform such other acts as the President may direct. The Secretary shall also keep records indicating the interest held by each member of the corporation, including the type of membership held and the property to which such membership attaches.

**3.4. TREASURER.**

The Treasurer shall be accountable for all funds belonging to the Corporation. Duties shall include, but not be limited to the following:

- 3.4.1. Oversee the payment of obligations incurred by the Corporation for budgeted expenses and for special obligations authorized by the Board of Directors
- 3.4.2. Oversee maintenance of bank accounts in depositories designated by the Board of Directors.
- 3.4.3. Review the monthly financial reports prepared by the Association's Bookkeeper.
- 3.4.4. Render financial reports at regular meetings of the Board of Directors.
- 3.4.5. Maintain records of payments made by members.
- 3.4.6. Implement accounting procedures which protect the assets of the association and are approved by the Board of Directors, including specifying when two Board members should sign checks, drafts, or other forms of payment.

**ARTICLE IV - INDEMNIFICATION OF DIRECTORS AND OFFICERS AND LIABILITY INSURANCE**

**4.1. INDEMNIFICATION.**

The corporation shall indemnify to the full extent permitted by law any person who is made, or threatened to be made, a party to any action, suit or proceeding (whether civil, administrative, or investigative) by reason of the fact that he, his testator, or in testate is or was a director, officer, employee, or agent of the corporation or served any other enterprise at the request of the corporation.

**4.2. INSURANCE COVERAGE.**

The corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any capacity or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this section.

**ARTICLE V - BYLAW AMENDMENT**

5.1. Members may propose amendments to the Bylaws by submitting a written petition to the Board of Directors. Such petition shall have signatures thereon of not less than ten (10) members in good standing. The Board may take preliminary action to recommend approval, rejection or modification of the proposed Bylaws. The proposed Bylaws amendments shall be published to the membership with the annual report and shall be voted upon by the membership at the annual meeting

5.2. The Board of Directors may propose such amendments to the Bylaws as they consider appropriate. The proposed Bylaws amendments shall be published to the membership.

5.3 The Board of Directors shall request legal review of proposed Bylaw amendments when deemed necessary.