

BY-LAWS

of

SPANAWAY WATER  
COMPANY

As amended at the Annual Meeting  
November, 2022

SPANAWAY, WASHINGTON

BY-LAWS  
of the  
SPANAWAY WATER COMPANY

ARTICLE I

MEMBERS

Section 1 - Qualifications of Members and Procedures for Obtaining Memberships:

a. Members of Spanaway Water Company shall be persons or other entities owning real property served or to be served by the Company. The owner of real property shall be that person or other entity as disclosed by the public records in Pierce County holding title by deed or, if the ownership is subject to one or more real estate contracts, by the most recent contract vendee. In the event there are more than one such owner, or if the property is in the name of an entity other than a person at the time of membership fee payment, a designation shall be made to the Company as to the person in whose name the membership shall be held and who shall thereafter be eligible to exercise the rights of membership. Should the prospective member fail to make such a designation, or if there is a disagreement among the owners as to which will be designated, the Board of Directors of the Company shall make the designation.

Those seeking membership shall make their request for membership to the Company and provide such information as may be required by the Company. If the prospective member meets the qualifications for membership as defined in this section, they shall pay the prescribed membership fee, connection fee, other special fees related to the water service to the property as described in section 4 of this article, and thereupon shall be a member of the Company.

b. When a prospective member or developer requests water service, Spanaway Water Company shall be the sole person or entity authorized to extend the water system in any way, except as may be authorized by the board of directors. If, at the discretion of the Board, outside contractors are permitted, the Board shall establish installation, testing, materials specifications, and procedures, and prescribe the approved course of action.

Section 2 - Transfer of Membership:

Once water service has been established at a piece of real property, the membership to and with the Company shall follow the property. The purchaser of this property, who meets the qualifications of membership in Section 1 above, shall become a member upon assurance to the Board of Directors that all fees and outstanding water bills are paid.

Section 3 - Responsibilities of Members:

a. The designated owner of the membership shall be responsible for payment of any and all water or other billable services furnished to the property covered by that membership regardless of the status of the occupancy of said property. Spanaway Water Company may bill a tenant at the member's request, however this service does not release the member of the responsibilities stated herein.

- b. Members shall be responsible for maintenance of the water system downstream from the water meter.
- c. Members shall be responsible for the maintenance of access to the water meter. Should access be restricted, the member shall make arrangements with the Company for meter reading and maintenance.
- d. Members shall comply with policies, specifications, and requirements that may be established by the Board of Directors to insure water quality, water system safety, financial viability, compliance with sound engineering and water works practices, or federal and state laws and regulations.

#### Section 4 - Fees and Dues:

- a. Permanent individually owned residences (including each condominium and townhouse unit or the conversion thereto of rental properties) shall require one membership and meter each, unless otherwise determined by the board of directors or current. Any extra expense incurred by the Company in furnishing such services shall be borne by the member.
- b. Permanent separately owned non-residential real property interest (including each business condominium or unit or the conversion thereto of rental properties even if under one roof) shall require one membership and meter each unless otherwise determined by the board of directors or current policy Any extra expense incurred by the Company in furnishing such services shall be borne by the member.
- c. Motels, hotels, apartment houses, mobile home parks, and other residential rental units (even if under one roof), each require one membership and meter per building unless otherwise determined by the board of directors or current policy. Any extra expense incurred by the Company in furnishing such services shall be borne by the member.
- d. Commercial developments with leased or rental spaces each require one membership per building (if water is provided anywhere within the building for any purpose excluding fire protection) unless otherwise determined by the board of directors or current policy. Any extra expense incurred by the Company in furnishing such services shall be borne by the member.
- e. Developments with a single building or multiple buildings one or more of which will only be provided water for fire protection (internal sprinkler system or external fire hydrants) require a designated fire service fee per building as established by the Board of Directors based upon the required fire flow for the building.
- f. A member owning two or more separate places of business or residences shall be required to purchase a membership for each.
- g. Some land development projects because of complexity in ownership, complexity in business types or complexity in the planned multi-purpose use of the property will be difficult to classify in accordance with the above. In such cases and/or when determined to be for the best interests of both parties, the Board of Directors may negotiate an equitable membership fee (fees) for such developments.

h. If a change in ownership, management policy, short plat, etc., should cause a membership classified under (c), (d), (e), or (g) of this section to become classified under (a) or (b) of this section, each newly classified individual residence, unit or business must obtain a membership as described in this article, unless otherwise determined by the board of directors or current. Any extra expense incurred by the Company in furnishing such services shall be borne by the member.

i. Membership fees, dues and other charges for services provided by the Spanaway Water Company shall be set by the Board of Directors.

j. Any member who is two or more months in arrears, whether these are consecutive or not, with the water bill, shall not be considered a member in good standing, shall not have the right to vote in Company elections, and is subject to having the service disconnected. Additionally, accounts that fall delinquent are subject to the Company's policy regarding past due accounts, if payment is not rendered. Any person disconnected for delinquency shall make all past due payments and, in addition, pay a reconnection fee before service will be restored. Additionally, all unpaid bills or unpaid portions of bills shall accrue an administrative penalty (service charge) per month for each month until paid; such charge to begin thirty days after original bill was mailed.

#### Section 5 - Special Penalties for Misuse of Water by Members:

No member supplied with water from the mains of this Company shall be entitled to use it, for any purpose other than those stated when membership is requested, nor to supply it in any way or for any purpose, to other persons, families, or to non-membership properties without first securing permission for the same from the Board of Directors. The Company shall have the right to immediately disconnect the water service to the property of a violator of this rule. A person so penalized may be reinstated to membership in good standing upon payment of additional fees as stipulated by the Board of Directors.

#### Section 6 - Voting Rights of Members:

No member shall cast more than one vote, regardless of the number of memberships held, except in the case of a lawful partnership who are holders of two or more memberships shall be entitled to one vote each. (This acknowledges that membership may be designated to either for any of their properties; such acknowledgment saves unnecessary administrative burden.)

## ARTICLE II

### OFFICERS - BOARD OF DIRECTORS

#### Section 1 - Officers:

The officers of the Company shall be a President, a Vice President, and a Secretary/Treasurer.

#### Section 2 - Composition and Duties of the Board of Directors:

The three officers of the Company and four additional Directors shall constitute the Board of Directors. The officers and four additional directors shall perform the duties prescribed by these by-laws and by parliamentary authority adopted by the Company.

### Section 3 - Method of Election:

At the regularly scheduled September meeting of the Board of Directors, a nominating committee of three directors shall be appointed by the President. It shall be the duty of this committee to nominate a candidate for each board vacancy to be filled at the annual meeting in November. The committee must report its selection(s) to the President and all directors one month prior to the annual meeting.

Additional nominees from the floor shall be permitted at the annual meeting. Nominees from the floor must be present to be elected, unless written notice is submitted expressing their interest in serving on the Board of Directors and explaining the circumstances of their absence. After nominations have been completed, nominees will stand, one by one to identify themselves to the members. Upon completion of the identification statements, a single vote will be taken, and the candidate(s) drawing the highest quantity of votes shall be declared the winner(s). Votes shall be by secret written ballot.

### Section 4 - Qualifications of Officers:

Eligibility to be elected and to serve on the Board of Directors for the Company requires that the person be a member of the Company in good standing. No person shall be both a member of the Board of Directors and an employee at the same time.

### Section 5 - Terms of Office:

Directors shall be elected to the Board for a term of 5 years, or until their successors are elected, and their term of office shall be from the close of the annual meeting at which they are elected to the close of the annual meeting at which their successors are elected. These terms among the seven directors have been staggered so that one or two only are elected or re-elected each year. If vacancies occur in the Board of Directors, these shall be filled by Board appointment. The appointee shall serve until the next annual meeting of the Company, whereupon they may be considered by the nomination committee (Section 3 above), for election to serve in the same position for the remainder of the unexpired term. This election will be separate, but will follow the same procedure as described in Section 3 above; this election shall follow the election of the full term position(s).

### Section 6 - Elections Within the Board of Directors:

The officers listed in Section 1 above, shall be elected by the Board of Directors from among their number at the first meeting of the Board following the annual meeting of the Company, and they shall hold office one year or until their successors are elected. A vacancy in any office may be filled either temporarily or for the remainder of the term or office by the Board at its discretion.

### Section 7 - Manager:

The Board of Directors shall hire a General Manager, who may be, but will not be required to be a member of the Company. The General Manager shall not be a member of the Board of Directors. The General Manager shall perform such duties as the Board of Directors may require and shall have such authority as the Board of Directors may vest in the position.

## Section 8 - Special Veto Powers of the Board of Directors:

The Board of Directors shall be subject to the orders of the members of the Company, and none of the Board's acts shall conflict with action taken by the members, except that the Board shall retain veto power over any resolution passed by a majority of the members of the Company at any meeting. Any resolution so vetoed must be re-submitted at a special meeting, called for that purpose, where-upon by a two-thirds margin of the members present and voting, the veto can be overridden and it shall be mandatory upon the Directors to carry out the provisions of the resolution.

## Section 9 – Insurance and Bonding:

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

The Board of Directors may, by resolution, require any or all of the officers, the general manager, or the office manager to provide bonds to the Company, in such amounts as the Board shall determine, with surety or sureties acceptable to the Board, conditioned for the faithful performance of the duties of their respective offices, and to comply with such other conditions as may from time to time be required by the Board of Directors. The cost of such bonds shall be paid by the Company.

## ARTICLE III

### MEETINGS

#### Section 1 - Annual Meeting:

The regular annual meeting of the Company shall be held on the third Monday of November of each year. If a quorum [as defined in section 4] is not present, the Board of Directors shall call a special meeting to transact the business ordinarily conducted at an annual meeting. Notice of the annual meeting must be mailed to each member at least 10 days but not more than 50 days prior to the date of the meeting.

#### Section 2 - Agenda of Annual Meeting:

At the annual meeting of the Company, the following agenda shall be observed after signed verification of members present:

1. Introduction of officers and employees present.
2. Reading of minutes of last annual meeting.
3. C.P.A.'s report.

4. President's report.
5. Unfinished business.
6. New business.
7. Election of director(s).

The President's report shall be written and a copy provided to members present at the annual meeting.

### Section 3 - Special Meetings:

a. Special meetings of the company may be called by the President, the Board of Directors, or by petition of the members. In the latter case, the petition must state the exact purpose of the special meeting and must be signed by 50 members in good standing. Notice of all special meetings must be provided to each member at least 10 days but not more than 50 days prior to the meeting. The physical arrangements for the meeting shall be the responsibilities of the Manager and their staff upon notification from the President that a valid petition has been received, or that the President or Board has called a special meeting. Provided notices must state the exact purpose of the special meeting. At all special meetings, no business shall be conducted except the business for which the meeting is called.

b. In the case of a special meeting called to conduct the business of an annual meeting which was not held as the result of a normal quorum not being present, the mailed notification requirement in Section 3(a) above is waived. This special meeting may proceed the same evening on which the original annual meeting was scheduled.

### Section 4 - Quorums:

Twenty-five members of the Company shall constitute a quorum except as follows:

a. In the case of a special meeting called to conduct the business of an annual meeting which was not held as the result of a normal quorum not being present, the members attending such a special meeting shall constitute a quorum.

b. In the case of a special meeting called by petition of fifty members or more, a quorum shall not be present unless at least one-half of the signatories of the petition (at least 25 members who signed the petition) are physically present.

In qualifying the members to determine if a quorum is or is not present, a lawful partnership will be counted as two members if both are eligible to vote in accordance with Section 6 of Article I of these by-laws.

### Section 5 - Proxies:

Memberships which apply to businesses may be represented at any meeting by proxy. This proxy shall be a paper designating the business title, address, name of the proxy holder, and date of the meeting and must bear the authorized signature of the member. Proxy holders need not be members of the Company. To qualify for the privilege of voting by proxy, the business must not be located in any type of residence. The business must be open to the public and be the primary purpose for which the building and the membership exist. In the case that an individual member owns more than one such businesses served by the Company, only one proxy vote signed by them shall be allowed.

## ARTICLE IV

### MEETINGS OF BOARD OF DIRECTORS

#### Section 1 - Time and Location:

The Board of Directors shall hold its regular business meetings on the third Thursday of the month or as determined by the board of directors, and once per month thereafter as designated by the Board. Meetings shall be held in the business office of the Company unless otherwise designated by the President or the Board of Directors.

#### Section 2 - Agenda:

At the Board of Directors' meetings the following agenda shall be observed:

1. Roll call.
2. Reading of minutes of the last meeting.
3. Financial report and review of bills paid.
4. Manager's report.
5. Report of Standing Committees.
6. Report of Special Committees.
7. Unfinished business.
8. New business.

EXCEPTION: On the first monthly meeting after the annual meeting, the first order of business, after the roll call, shall be the election of the new officers.

#### Section 3 - Quorum:

Four board members present shall constitute a quorum. If a quorum is not present, the President shall designate the time of the next meeting.

## ARTICLE V

### COMMITTEES

Standing or special committees shall be appointed by the President as they and the Board of Directors shall from time to time deem necessary. The President shall be ex officio a member of all committees except the Nominating Committee.

## ARTICLE VI

### PARLIAMENTARY AUTHORITY



The rules contained in the current edition of "Robert's Rules of Order Newly Revised" shall govern the Company in all cases to which they are applicable and in which they are not inconsistent with these by-laws and any special rules of order the Company may adopt.

## ARTICLE VII

### AMENDMENT OF BY-LAWS

These by-laws can be amended at any annual meeting, or special meeting called specifically for that purpose, by a two-thirds vote of members attending provided that the amendment or amendments have been provided to each member at least 10 days prior to the meeting.

## ARTICLE VIII

### FINANCIAL REVIEWS

- a. Certified Public Accountant shall be selected by the Board of Directors to inspect and prepare a Reviewed Financial Statement of the books and accounts of the Company at the end of the Company's fiscal year and report both in person and in writing to the members at the annual meeting.
- b. The Certified Public Accountant selected by the Board of Directors shall complete an analysis of accounting records monthly.
- c. These reports must meet all American Institute of Certified Public Accountants standards, and state and local laws and regulations.