

BY-LAWS
OF
DALTON WATER ASSOCIATION, INC.

ARTICLE I

General Purposes

The purpose for which this association is formed and the power which it may exercise are set forth in the Articles of Incorporation of the Association.

ARTICLE II

Name and Location

Section 1. The name of this association is the Dalton Water Association, Incorporated.

Section 2. The place where the principal business of the association is to be transacted is the City of Dalton Gardens, County of Kootenai, State of Idaho, but the association may maintain offices and places of business at such other places within the State of Idaho as the Board of Directors may determine.

ARTICLE III

Seal

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

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

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

ARTICLE IV

Fiscal Year

The fiscal year of the association shall begin the first day of October in each year.
(3/7/88)

ARTICLE V

Membership

Section 1. The holders of membership certificates of this association are its members. Any bona fide owner of land within the provisions of Sec. 2 of Article VI of the Articles of Incorporation may become a member hereof by the payment of the fee set by the Board of Directors. (3/5/84)

Section 2. No membership shall be transferred separate from the land, and when a member sells or disposes of all land in the district served by the association as described in Section 2 of Article VI, his membership shall cease and shall be automatically transferred to the person becoming the owner of the land to be used as herein and in the Articles of Incorporation provided. One legally as owner of the land may become a member while he legally owns the land and only so long as such condition continues. No refund of any kind shall be made to any member when his membership ceases for any cause. (3/5/84)

The Secretary shall keep a record of the change of title of all property within the boundaries of this association, so far as possible, and upon the sale or conveyance in any manner of a member's land, he shall change the membership certificate to the person to whom the property is conveyed, who automatically becomes the owner thereof upon the purchase or securing a conveyance of the land. The membership may be cancelled for non-payment of water assessments, non-use for the period of six months, or for the use of water in violation of these by-laws or for failure to comply with these by-laws and the rules and regulations of the board of directors, and the board of directors shall make reasonable rules pertaining to the cancellation of certificates as above provided, but the board of directors shall have authority for good cause shown to extend the time for cancellation for a period not exceeding one year.

Where any member owns more than one membership, such member shall be limited to but one vote in the Association, and all further membership shall after this date be restricted to tracts of one acre, or larger, and no membership shall be issued to any tract of land for a lesser or smaller size than one acre.

2a. The board of directors may require master meters for non-residential zoned parcels. (3/3/75) 3/7/11 & 3/2/15)

2b. Assessments may be made by the Board of Directors for capital improvements to the system affecting member's property and for other services in use of water. The assessments may be enforced by action or forfeiture of membership or both upon notice given in writing 20 days before commencement of such action or such forfeiture. The assessments may be secured by a lien filed by the Association upon the real property to which the membership's rights are appurtenant. (3/4/91)

2c. In the event a parcel is subdivided, the membership shall remain with the parcel designated by the Board. Provided that no person otherwise eligible shall be permitted to subscribe for or acquire a membership of the corporation if the capacity of the corporation's water system is exhausted by the needs of its existing members. (added 3/7/11 & changed 3/2/15)

Section 3. The board of directors shall have the right to suspend the rights of members granted under these by-laws during such time as the member or members are acting in violation of or failing to comply with these by-laws and the rules and regulations of the board of directors.

ARTICLE VI

Membership Certificates

Section 1. This association shall not have capital stock. Its members shall be represented by membership certificates which shall be recorded and always remain with the Secretary.

ARTICLE VII

Meetings of Members

Section 1. The annual meeting of the members of this association shall be held at the Office of the corporation in the City of Dalton Gardens, County of Kootenai, State of Idaho, at 7:30 o'clock p. m. on the first Monday of March of each year, if not a legal holiday, or if a legal holiday, on the business day following. The Board may, by resolution passed and included in the notice of election, designate another place for holding any meeting. (3/4/96)

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

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

Section 4. The members present at any meeting of the members shall constitute a quorum at any meeting of the association for the transaction of business. The voting powers of the members of this association shall be equal, each member shall have one vote only and no voting by proxy shall be allowed.

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

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

1. Calling to order and proof of quorum.
2. Proof of notice of meeting.
3. Reading and action on any unapproved minutes
4. Reports of officers and committees
5. Election of Directors.
6. Unfinished business.
7. New business.
8. Adjournment.

ARTICLE VIII

Directors and Officers

Section 1. The board of directors of this association shall consist of five members, all of whom shall be members of the association and land owners in the district. The directors names in the articles of incorporation shall serve until the first annual meeting of the members and until their successors are elected and have qualified. At the first annual meeting of the members, two directors for a term of one year, two directors for a term of two years; and one director for a term of three years, shall be elected. At each annual meeting thereafter, the members shall elect for a term of three years the number of directors whose terms of office have expired.

Section 2. The board of directors shall meet within ten days after the first election and within ten days after the annual election of directors and shall elect by ballot a president and vice-president from among themselves and a secretary-treasurer, each of whom shall hold office until the next annual meeting until the election and qualification of his successor unless sooner removed by death, resignation or for cause.

Section 3. Any vacancy in the board of directors, other than from the expiration of a term of office, shall be filled by election by the remaining members of the board until the next regular or special meeting of the members of the association, at this meeting a director shall be elected for the unexpired term. The disqualification of a director as a member of the association shall operate to disqualify him as a director and to create a vacancy in the office of director.

Section 4. A majority of the board of directors shall constitute a quorum ay any meeting of the board.

Section 5. That the President of the Board shall be paid \$250.00 and other members of the Board shall be paid \$125.00 for attending any meeting of the Dalton Water Association for the purpose of conducting water association business effective as of January 1, 1978. (3/3/97)

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

ARTICLE IX

Duties of Directors

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

- a. To pass upon the qualifications of members, and to cause to be issued appropriate certificates of membership and cause the same to be recorded to the land for which the same is issued, and if cancelled to cause a cancellation to be recorded.

- b. To select and appoint all officers, agents or employees of the association or remove such officers, agents or employees of the association for just cause, prescribe such duties and designate such powers as may not be inconsistent with these by-laws, fix their compensation and pay for faithful services.
- c. To borrow from any source, money, goods, or services, and to make and issue notes, and other negotiable and transferable instruments, mortgages, deeds of trust and trust agreements, and to do every act and thing necessary to effectuate the same.
- d. To prescribe, adopt, and amend, from time to time, such equitable uniform rules and regulations as, in their discretion, may be deemed essential or convenient for the conduct of the business and affairs of the association and the guidance and control of its officers and employees, and to prescribe adequate penalties for the breach thereof.
- e. To order, an audit of the books and accounts every other year and a review of the books and accounts every other year of the association by a Certified Public Accountant. The report prepared by such auditor or accountant shall be submitted to the members of the association at their annual meeting. (3/4/2013)
- f. To fix the charges to be paid by each member for services rendered by the association to him, the time of payment, and the manner of collection.
- g. To require all officers, agents and employees charged with responsibility for the custody of any of the funds of the association to give adequate bonds, the cost thereof to be paid by the association, and it shall be mandatory upon the directors to so require.
- h. To select one or more banks to act as depositories of the funds of the association and to determine the manner of receiving, depositing, and disbursing the funds of the association and the form of checks and the person or persons by whom the same shall be signed, with the power to change such banks and the person or persons signing such checks and the form thereof at will.
- i. To levy assessments against the members of the association and to enforce the collection of such assessments by the cancellation of membership certificates, and to provide for the collection for all water delivered or to be delivered, at such rate and on such basis as they deem proper, but always sufficient to pay all operating, maintaining expenses, reserve to pay indebtedness, interest and a reasonable sum for a surplus fund, and to enforce the rule by refusing to furnish water or any other proper means.
- j. Assessments may be made by the Board of Directors for capital improvements to the system affecting member's property and for other services in use of water. The assessments may be enforced by action or forfeiture of membership or both upon notice given in writing 20 days before commencement of such action or such forfeiture. The assessments may be secured by a lien filed by the Association upon the real property to which the membership rights are appurtenant. (3/4/91)

ARTICLE X

Duties of Officers

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

Section 2. Duties of the vice-president. In the absence or disability of the president, the vice-president shall perform the duties of the president; provided, however, that in case of death, resignation, or disability of the president, the board of directors may declare the office vacant and elect his successor.

Section 3. Duties of the secretary-treasurer. The secretary-treasurer shall keep a complete record of all meetings of the association and of the board of directors and shall have general charge and supervision of the books and records of the association. He shall sign all membership certificates with the president and such other papers pertaining to the association and he may be authorized or directed to do so by the board of directors. He shall serve all notices required by law and by these By-laws and shall make a full report of all matters and business pertaining to his office to the members at the annual meeting. He shall keep the corporate seal and membership certificate records of the association, complete countersign all certificates issued, and affix said corporate seal to all papers requiring seal. He shall keep a proper membership certificate record showing the name of each member of the association, the date of issuances, land to be served, surrender, cancellation, or forfeiture. He shall make all reports required by law and shall perform such other duties as may be required of him by the association or the board of directors. Upon the election of his successor, the secretary-treasurer shall turn over to him all books and other property belonging to the association that he may have in his possession. He shall also perform such duties with respect to the finances of the association as may be prescribed by the board of directors. The secretary shall cause all membership certificates to be recorded and shall keep and retain all membership certificates in his possession and cause cancellation certificate to be recorded whenever a membership is cancelled for any cause.

ARTICLE XI

Benefits and Duties of Members

Section 1. The association will maintain and operate the main distribution pipe line or lines from the source of water supply, installed as of March 1, 1971. Thereafter each owner requesting an extension of the water line from the line existing at the time of such request shall pay to the Treasurer the entire cost of extending such main line from the existing main line to his furthestmost property line, or other limits to be set by the Board of Directors. The size and kind of such line shall be determined by the Board of Directors.

Section 2. Such extension of said water lines, except the service line attaching the member's dwelling to the water line, shall, upon installation, be dedicated to and become the property of the association and be maintained and repaired by the association.

Section 3. The association shall, at the point that the member desires to hook up the line from his dwelling to the association water line, install a water meter which is to be purchased, installed, owned and maintained by the association. The association will also install a cut-off valve in each line attached to its line, such cut-off valve to be owned and maintained by the association and to be installed on some portion of the service line owned by the association. The association shall have the sole and exclusive right to use such cut-off valve and to turn it on and off. The location and type of meter shall be at the discretion of the Association. The builder shall provide a frost free location for installation of meter. Owner shall maintain the area around the meter well in a safe condition. All damage caused to the meter well and/or damage caused by failing to maintain the area around the meter well shall be the responsibility of the owner.

Section 4. Each member shall be entitled to one and only one service line from the association's water system, and the member shall be required to pay a fee as set by resolution of the Board from time to time plus an installation fee as set by the Board of Directors for such service line. No new service line or change in an existing service line may be made which will interfere with an existing service line or the delivery of water therein. Each service line shall connect with the association's water system at the nearest available place of desired use by the member if the association's water system shall be of sufficient capacity to permit the delivery of water through a service line at that place without interfering with the delivery of water through a prior service line. If the association's water system shall be inadequate to permit the delivery of water through a service line installed at such place without interfering with the delivery of water through a prior service line, then such service line shall be installed at such place as may be designated by the association. (3/7/11)

Each member will be required to dig or have dug a ditch for the connection of the service line or lines from the property line of the member to his dwelling or other portion of his premises and will also be required to purchase and install the portion of the service line or lines from his property line to the place of use on his premises and to maintain such portion of such service line or lines which shall be owned by the member, at his own expense, and in good condition, provided that the association may, if the board of directors so determine, purchase the pipe for and install such portion of such service line or lines, the cost of which will, however, be paid by the individual members. The board of directors shall make all proper rules to carry this provision into effect.

Section 5. Each member shall be entitled to purchase from the association, pursuant to such agreements as may from time to time be provided and required by the association, such water for such uses as approved by the Board in a separate resolution, subject, however, to the provision of these By-laws and to such rule and regulations as may be prescribed by the board of directors. Each member shall be entitled to have delivered to him through a single service line only such water as may be necessary to supply the needs to the persons residing in a single dwelling and of the livestock owned by such persons. The water delivered through each service line shall be metered and the charges for such water shall be determined separately, irrespective of the number of service lines owned by a member. (3/3/08) (3/7/11)

Section 6. In the event the total water supply shall be insufficient to meet all of the needs of the members or in the event there is a shortage of water, the association may prorate the water available among the various members on such basis as is deemed equitable by the board of directors, and may also prescribe a schedule of hours covering use of water for garden purposes

by particular members and require adherence thereto, or prohibit the use of water for sprinkling or garden purposes; providing that is at any time the total water supply shall be insufficient to meet all the needs of all the members for domestic, livestock, sprinkling and garden purposes the association must first satisfy all of the needs of all of the members for domestic purposes before supplying any water for livestock purposes and must satisfy all of the needs of all of the members for both domestic and livestock purposes before supplying any water for sprinkling or garden purposes.

Section 7. The board of directors shall adopt annually by resolution a minimum month meter charge for water service, irrespective of water use, and a water rate schedule for a specified quantity of water or such other basis as may be fixed, such flat minimum monthly rate to be payable irrespective of whether any water is used by a member during any month, and the amount of additional charges, if any, for additional water which may be supplied the members, shall fix the date for the payment of such charges and shall notify each member of the amount of such charges and the payment due dates. A member to be entitled to the delivery of water shall pay such charges at the office of the association at or prior to the dates fixed by the board of directors. The failure to pay water charges duly imposed shall result in the automatic imposition of the following penalties: (3/3/08) (3/7/11)

- a. Non-payment for thirty days after due. The water shall be cut off from the delinquent member's property.
- b. The directors shall pass any reasonable rule to carry these provisions into effect.
- ~~c. That a flat month rate of 50 cents per month be charged all members during absence from residence, providing that notice is given of such absence in advance of beginning such absence. (3/1/71) (Section 7 (c) eliminated 3/3/2003)~~
- d. The association recognizes that the City of Dalton Gardens, Idaho, which is the area generally served by the association, has enacted a Home Based Business Ordinance under Title 3 Chapter 6 of the Dalton City Code. Said ordinance allows home based business in the residential area of Dalton Gardens under certain circumstances, hence the association serves the following properties:
 1. Residential
 2. Commercial and Utility
 3. Residential with home based business permits.

Pursuant to these By-Laws, the board of directors may, in its sole discretion, set such flat minimum monthly rates for each of the three classes of property. In determining rates for home based businesses, the board shall take into consideration the type of water usage necessary to operate the business on the premises. (added 3/3/2008)

Section 8. The board of directors may authorize the release of a member's water use information to any governmental entity that requests it when such member uses the member's property for commercial purposes. (added 3/6/17)

ARTICLE XII

Distribution of Surplus Funds

Section 1. It is not anticipated that there will be any net income. If there should be any, then at the end of the fiscal year, after paying the expenses of the association for operation and otherwise and after setting aside reserves for depreciation on all building, equipment and office fixtures and such other reserves as the board of directors may deem proper and after providing for payments on interest and principal of obligations and amortized debts of the association, and after providing for the purchase of proper supplies and equipment, the net earnings shall be accumulated in a surplus fund for the purpose of replacing, enlarging, extending and repairing the system and property of the association and for such other purposes as the board of directors may determine to be for the best interest of the association. Should any net earnings remain, it shall be used to ratably reduce each member's water charges thereafter until all such surplus is exhausted.

ARTICLE XIII

Amendments

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