

THE FRUITLAND MUTUAL WATER COMPANY BYLAWS

ADOPTED JANUARY 16, 2012
REVISED SEPTEMBER 30, 2025

Article I PREAMBLE

Section 1 - References to "Fruitland," "Fruitland Water," "Fruitland Mutual," "Fruitland Mutual Water," "The Water Company," "Company," "Corporation" and any other direct references refer to the Fruitland Mutual Water Company.

Section 2 - The "Board" or "Board of Directors" refers to the Directors of the Fruitland Mutual Water Company including its Officers. Voting members of the Board shall consist of all Directors, including the Officers.

Section 3 – A Member of Record is defined as any person, group of persons, or entity that owns property within the district served by the Fruitland Mutual Water Company. Members of Record may be referred to as “Member,” “Members,” “Owner,” or “Owners.” Each Member of Record in good standing is entitled to one (1) vote in meetings and Board of Directors elections.

Article II ANNUAL MEETING

Section 1 - **Annual Meeting.** The annual meeting of this Corporation shall be held in February on a date set by the Board of Directors.

Section 2 - **Special Meetings.** Special meetings of this corporation may be held upon the call of four (4) members of the Board, by the President, or upon written request of twenty (20) Members.

Section 3 - **Place of Meetings.** The meetings of This Corporation shall be held at the office of The Company, unless another place, within the confines of the area served by the water system of This Company, shall be selected by the majority of the Board of Directors.

Section 4 - **Notice.** Notice of meetings that are open to Members to attend shall be given by providing written notice stating the place, day, and hour of the meeting, and in the case of special meetings, the purpose or purposes for which the meeting was called. Said notice shall be delivered either personally, by mail, or by email to each Member entitled to vote at such meeting. Such notice must be delivered at least ten (10) days, and not more than fifty (50) days prior to the meeting. When mailed, notices shall be sent to the last address appearing on the membership records of the company. Notice shall be considered delivered when deposited to the U.S. Postal Service. E-mail shall be considered delivered when sent from a Fruitland email

address. Posting a notice on the Fruitland Mutual Water Company's official website may be used in lieu of postal mail and/or email notification when a Member postal address or email address may not be current.

Section 5 - Voting. A Member may vote at any meeting that allows member voting, either in person, by e-mail or by postal mail, but not by proxy, for the election of Directors or any proposition submitted to the members at any regular or special meetings. Where a membership is held by more than one person, only one person may vote. Where one Member holds multiple memberships at different properties, that Member is entitled to only one vote. Any corporation, partnership, public entity or business venture which holds a membership in the Company may appoint a designated representative who may vote on behalf of the entity. The entity must inform the Company with the name of the designee in writing via postal or electronic mail, which will be kept on file at the Water Company.

Section 6 – Quorum. Except as otherwise required by law, a quorum for conducting business at any annual or special meeting open to the membership, shall consist of a minimum of 25 Members. This includes both in-person and virtual attendance as well as votes by mail or email. Additionally, at least four (4) Board Members must be present, including one (1) Officer.

Section 7 - Order of Business. At the Annual Meeting of this Corporation, a Quorum must be satisfied and the following order shall be observed, regardless of the number of Members attending in-person or virtually:

1. Signing of the Register
2. Reading of the Minutes of the last annual meeting
3. Report of the Treasurer
4. Report of the President
5. Announcement of Voting Results

Article III **DIRECTORS**

Section 1 - Number and Powers. The business of the Corporation shall be conducted by a Board with seven (7) members, to include the Offices of President, Vice President, Secretary, and Treasurer with each Director elected to serve three (3) years or until a successor is elected or appointed. All Directors shall be a Member of Record with the Water Company.

Section 2 – Qualifications. Eligibility to serve as a Director of the Corporation requires that the candidate be a Member of Record in good standing at the time of the appointment and that the candidate reside for not less than one (1) year in the service area of the Company and maintain a membership in good standing with the Company. Where a membership is held by more than one person, only one (1) may be eligible to become a Director. The designee of any corporation, partnership, public entity or business venture is not eligible to be elected as a Director. No employee of the company, nor any non-member, shall be eligible for election to a Board position.

Section 3 - Election of Directors. At each annual meeting of the Members, the number of Directors to be elected shall be the number whose three (3) year term expires, except as hereinafter provided. Voting for Directors shall be by secret ballot which shall be provided to the membership by January 1st. Where more than two (2) candidates are running for Director, a plurality of the votes cast is sufficient to elect a candidate. Ballots may be cast by postal mail, e-mail, or delivered in-person to the office of the Corporation no later than the call to order by the President at the annual meeting. In case of a tie vote, the winner shall be determined by lot as assigned by the Board.

Section 4 – Vacancies. In the event a Director shall die, cease to be a Member of the Company, cease to be a member in good standing, resign, become incapacitated, or has more than three (3) unexcused absences from regular monthly Board meetings in any one calendar year, the other Directors may, at their discretion, appoint a successor Director who shall serve until the next Annual Meeting, at which meeting a successor shall be elected to fill the unexpired term of the Director originally elected. If a Director ceases to be a member in good standing, the Board shall remove that Director.

Section 5 - Change in Number. The number of Directors may be increased or decreased at any time by amendment of these Bylaws, but no decrease shall have the effect of shortening the term of any Director.

Section 6 - Removal of Directors. In the event it shall become necessary to remove a Director from office because of dereliction of duty, the procedure shall be as follows:

- (A) Written petition from not less than twenty (20) Members setting forth charges for removal must be served upon the Board of Directors at least thirty (30) days prior to the date of the special meeting called to hear such petition.
- (B) Notice of request for removal must be included on written notice of the meeting sent to all Members and shall include the charges for removal.
- (C) A fifty-one percent (51%) vote of the total membership voting shall be required to remove a Director from office.
- (D) Balloting on the removal of a Director may be done by ballot as described in Section 3 of this Article, and all Quorum requirements must be met.
- (E) If the membership approves removal of a Director, the Board position shall remain vacant until the next annual meeting, at which time a new Director shall be elected to fulfill either the new term or the remainder of the unexpired term of the removed Director.

Section 7 - Regular Meetings. Regular meetings of the Board of Directors may be held at the registered office of the Corporation or such other place or places as the Board of Directors may from time to time designate. Regular meetings of the Board of Directors shall be held not less frequently than once each calendar quarter. Virtual or hybrid meetings may be offered at the discretion of the Officers of the Board of Directors.

Section 8 - Special Meetings. Special meetings of the Board of Directors may be called at any time by the President or upon written request by any three (3) Directors. Such meetings shall be held at the registered office of the Corporation or at such other place or places as the Directors

may from time to time designate. Virtual or hybrid meetings may be offered at the discretion of the Officers.

Section 9 – Notice. Notice of all special meetings of the Board of Directors shall be given to each Director by three (3) days in advance, either by letter, telephone, electronic communication, or person delivery. Such notice is not required to specify the business to be conducted nor the purpose of the meeting.

Section 10 – Quorum. A majority of the whole Board of Directors, which includes the President and Vice President, shall be necessary and sufficient at all meetings to constitute a Quorum for the transaction of business.

Section 11 - Executive and Other Committees. The Board of Directors may appoint, from its own number, standing or temporary committees consisting of no fewer than two (2) Directors. Such committees may be vested with such powers as the Board may determine by resolution passed by the majority of the full Board of Directors; provided, however, that no such committee shall have the authority of the Board of Directors in reference to:

- (a) Amending, altering, or repealing these Bylaws;
- (b) Electing, appointing, or removing any member of any such committee or any Director or Officer of the Corporation;
- (c) Amending the Articles of Incorporation;
- (d) Adopting a plan of merger or consolidation with another corporation;
- (e) Authorizing the sale, lease, exchange, or mortgage of all or substantially all of the property and assets of the Corporation;
- (f) Authorizing the voluntary dissolution of the Corporation or revoking proceedings for that purpose; or
- (g) Amending, altering, or repealing any resolution of the Board of Directors which by its terms provides that it shall not be amended, altered, or repealed by such committee.

All committees so appointed shall keep regular minutes of the transaction of their meetings and shall cause them to be recorded in books kept for that purpose in the office of the Corporation. Minutes will include, at a minimum, the names of Board members, start and end time of each meeting, and topics discussed. The designation of any such committee and the delegation of authority thereto shall not relieve the Board of Directors, or any Member thereof, of any responsibility imposed by law.

Section 12 – Remuneration. The compensation of the Directors shall be fixed from time to time by resolution of the Board of Directors.

Article IV **OFFICERS**

Section 1 – Designations. The Officers of this Corporation shall be a President, Vice President, Secretary, and a Treasurer. The positions of Secretary and Treasurer may be held by the same person.

Section 2 – Qualifications. The President and the Vice President shall be elected from among those members who have served not less than one full three-year term on the Board of Directors. The Secretary and the Treasurer shall be elected by the body of the Board of Directors. The office of Secretary, Treasurer, or Secretary/Treasurer may be filled by a Board Member with a minimum of one (1) year of service on the Board. Eligibility to serve as an Officer of the Corporation requires that the candidate be a member of record in good standing at the time of the appointment. The designee of any corporation, partnership, public entity or business venture is not eligible to be elected as an Officer. No employee of the Company, nor any non-member, shall be eligible for election to an Officer role.

Section 3 - Election of Officers. The President, Vice-President, Secretary, and Treasurer shall be elected for three (3) year terms, except as hereinafter provided. When an Officer's term has expired, the Board of Directors shall, at their first meeting following the annual meeting, elect a President, Vice President, Secretary, and/or Treasurer on the basis of qualifications. If an Officer vacates their role prior to the end of their elected term, the Board may elect an interim Officer to fill the vacated role through the end of that Board Members original term. The Board may, upon its sole discretion, combine the Secretary and Treasurer roles into one (1) position.

Section 4 – Powers. The Officers of this Corporation shall have such powers as are usually and customarily performed by the Officers of a corporation. No person shall be elected, appointed, or hired to hold more than one office or position within the company at any one time, with the exception of the positions of Secretary and Treasurer, which may be held by one (1) person.

Section 5 – Duties of President and Vice President. The President shall preside over all meetings of the Corporation and Board of Directors. The President shall cast a vote at meetings of the Board of Directors only in the event of a tie vote. The Vice-President shall perform the duties of the President in the absence of the President. Except when performing the duties of the President, the Vice-President shall be a voting member of the Board of Directors. When performing the duties of the President, the power to vote of the Vice-President shall be limited as in the case of the President. The President, Vice-President, Secretary and/or Treasurer shall execute all instruments of conveyances, contracts, certificates of membership and such other instruments as are directed by the Board of Directors.

Section 6 - Duties of Secretary. The Secretary shall keep records of the proceedings of the Annual Meeting and of other meetings of the Board of Directors. The Secretary shall be responsible for the issuance of notices for all meetings, shall be responsible for keeping the minutes of all meetings, shall have charge of the seal and corporate books, and shall make such reports and perform such other duties as are incident to the office, or are properly required of the Secretary by the Board of Directors. The Secretary may designate an assistant, who, if so designated shall perform the assigned tasks or all of the duties of the Secretary and at other times may perform such duties as are directed by the President or the Board of Directors. The assistant may be a Board Member, Company employee, or Member, but shall not be considered an Officer of the Company, even while performing the duties of the Secretary.

Section 7 - Duties of Treasurer. The Treasurer shall regulate the custody of all monies and securities of the Corporation and shall regulate regular books of accounts. The Treasurer shall disburse the funds of the Corporation in payment of the just demands against the Corporation or as may be ordered by the Board of Directors (taking proper vouchers for such disbursements) and shall render to the Board of Directors, as may be required, an account of all transactions undertaken as Treasurer and of the financial condition of the Corporation. The Treasurer shall perform such other duties as are incident to the office or are properly required by the Board of Directors. The Treasurer may designate an assistant, who, if so designated, shall perform assigned tasks or all of the duties of the Treasurer and at other times may perform such duties as are directed by the President or the Board of Directors. The assistant may be a Board Member, Company employee, or Member, but shall not be considered an Officer of the Company, even while performing the duties of the Secretary.

Section 8 – Vacancies. If any Officer of the Corporation is absent or unable to act and no other person is authorized to act in such Officer's place by the provisions of these Bylaws, the Board of Directors may designate the powers or duties of such Officer to any other Officer or any other Board Member it may select. In the event an Officer shall die or cease to be a member of the Company, resign, become incapacitated, or fail to attend a minimum of three (3) unexcused regular monthly Board meetings in any one calendar year, the Board may elect an interim Officer to fill the vacated role through the end of that Board Members original term.

Section 9 - Removal of Officers. In the event it shall become necessary to remove an Officer from office because of dereliction of duty, the procedure shall be as follows:

- (A) Written petition from not less than twenty (20) members in good standing setting forth charges for removal must be served upon the Board of Directors at least thirty (30) days prior to the date of the special meeting called to hear such petition.
- (B) Notice of request for removal must be included on written notice of the meeting sent to all Members and shall include the charges for removal.
- (C) A fifty-one percent (51%) vote of the total membership voting shall be required to remove an Officer from office.
- (D) Balloting on the removal of an Officer may be done by postal or e-mail ballot as described in Section 3 of this Article, and all quorum requirements must be met.
- (E) An interim Officer, for the duration of that Board Members original term, shall be appointed from the current Board by a majority vote of the Board of Directors.

Article V

NOMINATING COMMITTEE FOR OFFICERS AND DIRECTORS

Section 1 - The President of the Corporation shall appoint a Nominating Committee of three (3) from among the membership of the Corporation whose duties shall be to insure that at least one candidate is nominated for each elected position. In addition, the Nominating Committee shall accept the nomination of any member for any open Board position which has been duly nominated by any two (2) members, other than themselves, and properly presented to the offices of the Fruitland Mutual Water Company no later than 4:30 P.M. on the first business day after

December 31st. It shall be the duty of all duly nominated Members to submit brief resumes, which shall be used to inform the membership of the qualifications and/or interests of the nominees for the respective positions. Each nominee must be a Member in good standing of the Fruitland Mutual Water Company.

Section 2 - It shall be the duty of a representative of the nominating committee, plus the independent auditor of the Corporation and any designated staff of the Fruitland Mutual Water Company, to tabulate the ballots and report the results to the President at the Annual Meeting. In the event of a tie, the tie shall be decided by lot. Secret ballots will be received no later than the call to order by the President at the Annual Meeting.

Article VI **MANAGEMENT**

Section 1 - The General Manager shall be a salaried employee of the Corporation hired by the Board of Directors. The General Manager is responsible directly to the Board of Directors. The Office Manager, Water Quality Manager and the Field Supervisor report directly to the General Manager.

Section 2 - The President, Vice President, Secretary, and Treasurer, shall be bonded or insured to the Company by good and sufficient bond or security in such amount as the Directors shall deem adequate. The premium or premiums on such bonds or security shall be paid by the Company.

Section 3 - No loans shall be made by the Corporation to any Officer, Director, or employee.

Article VII **AUDITOR**

Section 1 - The Board of Directors shall appoint a certified public accountant to audit the financial books of the Company at the end of each year. An additional audit shall be conducted when the role of Treasurer is vacated for reasons other than the end of an elected term.

Section 2 - The auditor shall report their findings in writing to the Board of Directors who shall submit the report to the Corporation at each Annual Meeting.

Article VIII **MEMBERSHIPS**

Section 1 - **Acquisition of Membership.** Memberships may be acquired in the following manner:

- (A) The applicant must apply to the Company for membership;

- (B) The applicant must meet the qualifications set forth in the Articles of Incorporation including the ownership of real property in the Company's service area;
- (C) The applicant must pay the membership and other fees established by the Board of Directors as set forth in these Bylaws;
- (D) Each membership shall attach to and run with the property being served
- (E) No member whose real property is sold shall receive any refund on membership fees; and
- (F) The applicant must receive approval of the Board of Directors.

Section 2 - Restrictions on Membership and Water Use. The Board of Directors shall have the authority to refuse for membership any application where the Company would have inadequate water or other resources to properly serve such membership. The Board of Directors shall also have the authority to limit the water use of any type of users so that there will be water available for the total service area of the Company and shall have the further authority to decline for membership new users of water.

The Board of Directors will define infrastructure improvements necessary to serve members seeking to connect to the Fruitland distribution system who may have water needs which exceed our capacity to reliably provide. Payment for the cost of these improvements shall be the sole responsibility of the requesting member. Any required improvements must be completed and paid for prior to connection to the distribution system.

Section 3 - Single & Multiple Memberships. There must be a membership for each parcel of real property being served. Owners or purchasers of more than one parcel of real property must have a membership for each parcel to which water service is desired.

Section 4 – Dwelling Units. A dwelling unit is a structure or a part of a structure that provides complete independent living facilities for one or more persons, including permanent provisions for living, sleeping, eating, cooking and sanitation.

Section 5 - Multiple Residences and Multiple Ownership. Whenever more than one (1) dwelling unit shall be constructed on one (1) parcel of real property, only one (1) membership shall be required to serve all such units; additional charges will be imposed for service in addition to one (1).

Section 6 - Continuance of Service. Once a membership has been purchased, it shall remain with the property. If the property is divided, the membership shall remain with that portion of the property originally utilizing the service. If water service is abandoned, the cost of reestablishing water service shall be borne by the Member. No membership will be refunded by the Company.

Article IX

FEES, CHARGES, and DUTIES OF MEMBERS

Section 1- **Policy.** Membership entitles the Member to water service. The purchase of a membership shall be required for each parcel of property to receive water service. Only one membership shall be issued per legal parcel of real property, recognizing there may be more than one structure thereon, and the membership shall run with the land. The owner of the parcel is the Member, and only one person may represent the membership. The Member is responsible to comply with the current Articles, Bylaws, and Policies of the Fruitland Mutual Water Company.

Section 2 - **Membership Fee.** Upon application, a membership may be purchased by any person who owns or is purchasing real property which may be served by the Fruitland Mutual Water Company. There shall be a basic membership fee set by the Board of Directors, which includes the first two thousand (2000) square feet of enclosed or roofed area on the property.

Section 3 – **Additional Dwelling Unit (ADU) Fee.** All additional dwelling units on a parcel of real property shall be charged an amount equal to a membership fee which includes the first two thousand (2000) square feet of enclosed or roofed area on the property. Any ADU which is converted to individual private ownership would be granted a membership.

Section 4 - **Square Footage Fee.** In addition to the Membership Fee or ADU Fee, there shall be an additional fee per square foot set by the Board of Directors for the square feet in excess of two thousand (2000) square feet of all structures on the property, except any structure, or portion thereof, that is specifically exempted by a policy adopted by the Board of Directors. After issuance of a membership, if and when additional area of construction is added, an additional payment at the current square footage charge will be assessed. If and when assessable area is deleted, there shall be no refund. In multi-story buildings, each floor shall be a part of the total.

Section 5 - **Users who have not paid Square-Footage Fees.** Whenever a Member who has not paid the square footage fee in excess of the first two thousand (2000) square feet converts, renovates, enlarges, covers or encloses square footage of a building, the square footage fee will be imposed on the total assessable space not exempted by policy as adopted by the Board of Directors.

Section 6 - **Consolidation of Properties.-** Whenever two or more parcels of real property are combined for the purpose of development or the construction of a building or complex of buildings, the owner shall have, and be credited with one (1) membership for each re-created parcel of real property, and the credit for the total square footage paid over two thousand (2000) square feet thereon. If the square footage credit exceeds the proposed new construction square footage charge, there shall be no refund for the excess.

Section 7 - **Membership Refunds.** There shall be no refunds made by the Company on any membership fee paid.

Section 8 - **Increased Level of Service.** If as a result of any development or other construction the Member desires the fire flow or other demand to be increased, the Member will be charged a fee for on-site and off-site improvements as set by the Board of Directors.

Section 9 - **Additions to Membership Fees.** Whenever the membership fee is inadequate to recover the cost of system improvements and enhancements needed to serve the membership, there shall be added an additional fee sufficient to defray the costs in excess of the membership fee.

Section 10 - **Connection Fee.** In addition to membership fees, all Members shall be charged a connection fee as set by the Board of Directors, which shall provide a point of connection for the user and include a meter and service to, or near the property line as agreed to by the Member and the Water Company. The point of connection is defined as the end of the last pipe, valve or fitting placed by the Company available to the Member to connect for water service. The connection is made by and is the responsibility of the Member.

Section 11 - **Fire Hydrant Fees.** In addition to the membership fees, all Members desiring a fire hydrant shall be charged a fee as set by the Board of Directors for each hydrant.

Section 12 - **Fire Suppression Sprinklers and Systems.** The regulation, installation, maintenance, cost, and user rate for fire suppression systems shall be pursuant to policy adopted by the Board of Directors.

Section 13 - **Relocation charges.** Any Member desiring any water main, line, meter, hydrant, or other appurtenance of this Corporation moved or relocated because of development, construction, or for any other reason, shall pay all costs involved plus an administrative fee established by the Board.

Section 14 - **Payment of Fees.** All fees and charges shall be paid before construction of any system improvements needed to serve the Member.

Section 15 - **Construction of Water System Improvements.** At no time shall construction of a water system improvement for the Fruitland Mutual Water Company be installed, modified, moved or deleted by anyone other than the employees, contractors or agents of the Company.

Section 16 - **Backflow Assemblies.** The Board of Directors shall have the authority to establish a cross connection control policy. Backflow assemblies or approved devices are required pursuant to Washington Administrative Code 246-290-490 and the current Fruitland Mutual Water Company Cross Connection Control Policy. It is the Member's responsibility to maintain and test backflow assemblies pursuant to these regulations and policies and all subsequent amendments thereto. Compliance is required to continue water service by the company. If Fruitland Water Company's capacity allows, members may contract with Fruitland Mutual Water Company to perform required tests for a fee set by the Board of Directors.

Section 17 - **Shut-Off Valves.** Each consumer's service must be equipped with a shut-off valve in or near such location which shall be entirely separate from the shut-off valve owned by the Company. This shut-off valve shall be installed in a place that is readily accessible at all times and should be protected from frost.

Section 18 - **Access to Meters.** All water meters shall be unrestricted and continuously accessible at all times to Fruitland Mutual Water Company personnel or contractors. If access is unobtainable or denied for any reason, the cost to access the meter shall be borne by the Member associated with the meter to be accessed. After three failed attempts to access the meter, a fee will be assessed to the Member account. Each subsequent failed attempt to access the meter will result in an additional fee. These fees are defined in the Fruitland Mutual Water Company Rate Schedule.

Section 19 – **Service Connections.** The Water Company owns and is responsible for maintenance from the water main, up to and including the meter box. The Member's responsibility begins with the customer connection at or near the property side of the meter box.

Article X

CHARGES FOR WATER AND EXTRA SERVICE

Section 1 – **Rates.** The Board of Directors shall establish the rates for water usage. Members shall be given ninety (90) days' notice before any changes are made in user rates.

Section 2 - **Regulation of Water Use.** The use of water may be restricted or terminated by the General Manager on a temporary basis not to exceed 30 days; thereafter, the Board of Directors shall have the only authority to restrict or terminate water use.

Section 3 – **Billing.** Water meters shall be read monthly or bimonthly and the bills compiled by the tenth (10th) of the succeeding month. Where meters are unreadable or non-functioning, water use shall be calculated by average or based on estimate. In the event of bi-monthly billing the Water Company may bill one month in advance in the interest of maintaining solvency. Unused portions of advance payments upon termination of water service shall be credited to the account or returned to the depositor.

Section 4 - **Due Date.** All bills for water service rendered shall have as a due date the 20th day of the month it is billed and shall be payable at the office of the Water Company or at any other place designated by the Board of Directors. The "due date" is defined as the last day a bill may be paid without becoming delinquent and suffering a penalty. The "billing date" is defined as the date a water service bill is sent to the customer.

Section 5 - **Responsible Party.** It is the responsibility of the Member to ensure all payments due are paid to the Fruitland Mutual Water Company. If the membership has transferred with payment due, it is the responsibility of the new Member to pay all bills current.

Section 6 - **User Charges.** Each Member receiving water from the mains of this Corporation shall pay an established charge for a minimum of 300 cubic feet of water where the standard 5/8 x 3/4 inch meters are used. Members requiring larger than the standard size and capacity meter shall pay a graduated charge based on the size of the meter installed. A set charge shall be made for each 100 cubic feet of water used in excess of the 300 cubic feet minimum.

Section 7 - **Unit Charges.** Multiple users or units served by one meter (Additional Dwelling Unit) shall pay the established minimum for such meter plus a user charge for each occupancy over one (1) served by the meter. A set charge shall be made for each 100 cubic feet of water used in excess of the 300 cubic feet minimum per month.

Section 9 - **Fire Protection Surcharge.** In addition to the user charges, commercial users shall pay a fire protection surcharge at a rate set by the Board of Directors, which shall be based on a per square foot formula, unless exempted by policy adopted by the Board of Directors. Commercial structures involving a roofed structure shall be charged on the basis of roofed square footage. In multi-story buildings, each floor shall be a part of the total.

Section 10 – **Commercial Users.** Commercial users include, but are not limited to, all forms of business structures, churches, day care centers, assisted living or nursing homes, community halls, government buildings, public schools, and other structures used as for-profit or not-for-profit services, where the primary purpose is other than residential.

Section 11 - **Additional Dwelling Units.** Each water service which supplies water to an unmetered Additional Dwelling Unit (ADU) shall be charged a Unit Charge for each unit served.

Section 12 - **Water Use to Be Metered.** All water withdrawn from the water mains of this Corporation shall be metered or measured. Fees and charges for water removed shall be billed and collected pursuant to Article X, Section 4 or other appropriate provisions of these Bylaws, Board Policies, or as directed by the Company.

Section 13 - **Resale of Water.** No person supplied with water from the water mains of the Fruitland Mutual Water Company shall be entitled to supply in any way another person, family, or business without first securing written permission from the Board of Directors and paying such fees and charges as set by the Board of Directors.

Article XI **PENALTIES**

Section 1 – **Unpaid Bills.** A bill not paid within ten (10) days from the due date will be subject to a bookkeeping fee as set by the Board of Directors.

Section 2 – **Delinquent Bills.** The Board of Directors shall establish a policy for collection of the delinquent billing and termination of water service. Restoration of water service shall take place only after the delinquency, including interest and penalties, has been paid in full together with the reconnection fee as established by the Board of Directors for restoring service.

Section 3 – **Waste of Company Property.** In the event any Member shall suffer, permit or commit any waste of the equipment, appliances, meters, connections, works or lines of the Company, that person shall be required to pay the cost of repairing or replacing the same.

Article XII
RULES OF ORDER

The deliberations of this Corporation shall be governed by the President, who shall have the authority to make a final decision on procedural issues. If the President is unavailable, then the Vice President shall have this authority. If the President and Vice President are both unavailable, the Secretary shall have this authority. If the Secretary is unavailable, the Treasurer shall have this authority. If no Officer is available, a majority of the remaining Board Members shall collectively have this authority.

Article XIII
DEPOSITORIES and DISPERSEMENTS

The monies of the Corporation shall be deposited in the name of the Corporation in such bank or banks or trust companies as the Board of Directors shall designate, and shall be drawn from such accounts only by check or other order for payment of money signed by two Officers of the Corporation.

Article XIV
SEAL

The corporate seal of the Corporation, if any, shall be in such form and bear such inscription as may be adopted by the Board of Directors, or by usage of the Officers on behalf of the Corporation.

Article XV
INDEMNIFICATION OF OFFICERS, DIRECTORS, EMPLOYEES, AND AGENTS

The Fruitland Mutual Water Company shall indemnify its Officers, Directors, employees, and agents to the greatest extent permitted by law. The Corporation 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 Corporation who is or was serving at the request of the Corporation as an Officer, Director, 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 Corporation would have the power to indemnify such person against such liability under the provisions of this article.

Article XVI
BOOKS AND RECORDS

The Corporation shall keep correct and complete books and records of account and shall keep minutes of the proceedings of its Board of Directors meetings and shall keep at its registered office or principal place of business, or at the office of its transfer agent or registrar a record of its Officers and Directors, giving the names and addresses of all Officers and Directors.

Article XVII

AMENDING THE BYLAWS

Section 1 - Initiating an Amendment

- (a) **Board Action** - Proposed amendments may be initiated by any single member of the Board of Directors, or by a committee appointed by the President. The sponsor shall be named in the minutes of the meeting.
- (b) **Member Action** - Any Member of the Fruitland Mutual Water Company may submit a proposed amendment of these Bylaws, to the Board of Directors if supported in writing by two (2) additional members of the Company. Proposed amendments submitted to the Board shall be filed in the office of the Corporation no later than seven (7) days before the next Board Meeting. The sponsor shall be named in the agenda of the meeting.

Section 2 - Amendment Review Process

- (a) **Board Approved Proposed Amendments** - A Bylaw amendment may be approved by the Board of Directors by an affirmative roll-call vote of any four (4) members of the Board of Directors, including the President who shall be eligible to vote on proposed Bylaw amendments.
- (b) **Board Referred Proposed Amendments** - Any proposed Bylaw amendment may be sent back to the general membership by a majority vote of the Board.
- (c) **Board Rejected Proposed Amendments** - Proposed amendments by non-Board Members that are voted down by the Board of Directors must be referred to the membership at the Company's Annual Meeting, if supported by valid signatures of twenty (20) members of the Fruitland Mutual Water Company. A statement for and against may be submitted to the membership, not to exceed two hundred fifty (250) words *each* by the proposer and a member of the opposition or their designee. Duly qualified amendments referred to the membership shall be in the hands of the Fruitland Mutual Water Company no later than 4:30 P.M., on the first business day after December 31st.

Section 3 - Acceptance and Effective Date

- (a) **Board Action** - Proposed amendments approved by the Board shall become effective thirty (30) days after the date of the membership notice. Opposition to any Bylaw amendment approved by the Board of Directors shall be supported by no less than twenty

(20) valid signatures of Members and shall be filed in the office of the Company no later than seven (7) days prior to the scheduled date of adoption. Amendments challenged in the above manner will automatically be referred to the membership or may be reconsidered by the Board and its Officers.

- (b) **Membership Action** - Proposed amendments referred to the membership require a two-thirds (2/3) affirmative vote of the return mail ballots for adoption. Voting shall be by mail ballot, or electronic ballot, and must meet quorum requirements. Following adoption of the proposed amendment at the Annual Meeting, the amendment shall become effective as of the call to order of the membership on the date of the Annual Meeting.

Article XVIII

CONFLICTS

Section 1 - Cases not Covered by Bylaws. Individual cases not covered by these provisions, or reasonable interpretations of these Bylaws may be addressed and determined by the Board of Directors, whose decision shall be final.

Section 2 – Severability. If any portion of these Bylaws or its application to any person or circumstance is held invalid, the remainder of the Bylaws, or the application of the provision to other persons or circumstances, shall not be affected.

Section 3 – Conflicts of Interest. To prevent actual or perceived conflicts of interest, the following restrictions apply to the Board of Directors and all employees of the Fruitland Mutual Water Company:

- (a) No more than one (1) Family Member may serve on the Board of Directors at any given time.
- (b) A Family Member of a current Board Member or Officer may not serve on the Board.
- (c) A Family Member of any consultant, vendor, or contractor currently engaged by the Company may not serve on the Board.
- (d) A Family Member of a current employee may not be hired for any permanent position within the company.

Definition of Family Member: For the purposes of this policy, a Family Member includes a spouse, domestic partner, parent, stepparent, child, stepchild, sibling, stepsibling, grandparent, grandchild, in-law (including parent-, sibling-, and child-in-law), or the child of a sibling or stepsibling.

These restrictions apply to each individual membership and extend to the employee or Board Member, as well as their spouse, domestic partner, or any Family Member as defined above.

Section 4 – Personal Relationships. If a romantic or familial relationship develops between two employees, two Directors, or a Director and employee, it must be promptly disclosed to the Company. In such cases, one or both individuals may be reassigned to a different department or

reporting structure to eliminate any direct supervisory relationship. If a reassignment is not feasible, one or both individuals may be subject to termination of employment or Board position.

(end)