

BY-LAWS

for the regulation, except
as otherwise provided by statute or
its Articles of Incorporation, of

DONEY PARK WATER
(an Arizona Nonprofit Corporation)

ARTICLE I
Offices

Section 1. **PRINCIPAL OFFICE.** The principal office for the transaction of the business of Doney Park Water (hereinafter the "Association") in Arizona is hereby fixed and located at: Doney Park Water, 5290 E. Northgate Loop, Flagstaff, Arizona 86004, or such other location as the Board may specify and file with the Arizona Corporation Commission.

Section 2. **OTHER OFFICES.** The Association may also have offices at such other places both within or without the State of Arizona as the Board of Directors may, from time to time, determine or the business of the Association may require.

Section 3. **CORPORATE SEAL** A corporate seal shall not be requisite to the validity of any instrument executed by or on behalf of the Association; but nevertheless, if in any instance a corporate seal be used, the same shall have inscribed thereon the name of the Association and the day and year of its organization.

Section 4. **REFERENCES TO ARTICLES.** Any reference herein made to the Association's Articles will be deemed to refer to its Articles of Incorporation and all amendments thereto as at any given time on file with the Arizona Corporation Commission ("ACC"), together with any and all certificates theretofore filed by the Association with the ACC.

Section 5. **SENIORITY OF ARTICLES.** The statutes of the State of Arizona will in all respects be considered superior to the Articles, with any inconsistency resolved in favor of said statutes. The statutes of the State of Arizona, the final Orders, and duly adopted rules and regulations of governmental agencies having jurisdiction thereover, including the ACC, and the Articles will in all respects be considered senior and superior to these By-Laws, with any inconsistency to be resolved in favor of the statutes, orders, rules and regulations, and Articles, and with these By-Laws to be deemed automatically amended from time to time to eliminate any such inconsistency which may then exist; provided, however, in all instances, these By-Laws shall be construed, whenever possible, to avoid such inconsistency.

ARTICLE II
Membership

Section 1. **MEMBERSHIP.**

a. Any person, firm, association, corporation or body politic or subdivision thereof who is a "bona fide resident", as defined in Section 2 of this Article, having reasonable accessibility to the

Association's water distribution system and being in need of water for domestic and municipal purposes may become a member of the Association by performing the following:

1. Filing a written application for membership therein.
2. Agreeing to purchase water service from the Association.
3. Agreeing to comply with, and be bound by, the Association's Articles of Incorporation and By-Laws, the rules and regulations adopted by the Board of Directors and/or promulgated by the ACC or other policy directives as may, from time to time, be adopted by the Board of Directors.
4. Paying a non-refundable membership fee in the amount of Five Dollars (\$5.00) or such other amount as may be fixed from time to time by the Board of Directors.
5. Paying all fees, including, but not limited to, connection fees, meter deposits and customer deposits.
6. Executing a line extension agreement, if applicable.

b. The person, firm, association, corporation or body politic or subdivision thereof shall become a member upon satisfying the foregoing and receiving water service from the Association at the service address listed on the application, together with entry of their name and address on the membership roll of the Association.

Section 2. **BONA FIDE RESIDENT.** Any person, firm, association, corporation or body politic or subdivision thereof shall be deemed a "bona fide resident," as that term is utilized in Section 1 of this Article and Article V of the Association's Re-Styled Articles of Incorporation when all the following are satisfied:

a. The point of delivery approved by the Association for the requested water service is within the area encompassed by the Certificate of Convenience and Necessity issued to the Association by the ACC.

b. The applicant for membership agrees to be liable for all costs, fees, charges, claims, and/or liability associated with delivery of water to the point of delivery.

c. The applicant for membership is either the owner of the land being provided water service or the user of the water satisfying Section 5(b) of this Article.

Section 3. **APPLICATION FOR MEMBERSHIP.** Application for membership shall be on a form prepared by the secretary of the Association and approved by the Board of Directors. If an application for membership has been completed and filed with the Association at least ninety (90) days prior to a meeting of members and the applicant's membership has not been recognized, the members may determine whether the applicant has satisfied the requirements of Sections 1 and 2 of this Article, except for the receipt of water service at the service location and entry of their name and address on the membership.

Section 4. **MEMBERSHIP CERTIFICATION.** The Board may issue membership certificates as evidence of membership in the Association. Such certificate, if issued, shall be signed by the president or secretary of the Association.

Section 5. JOINT MEMBERSHIP AND TENANTS.

a. A married couple may apply for a joint membership as joint tenants with the right of survivorship and not as tenants in common or as community property, and subject to their compliance with the requirements of membership set forth above, may be accepted for such membership.

b. The persons or entities who hold legal, equitable or beneficial title to the real property being served (hereafter the “property owner”) and otherwise qualifying for membership shall be vested with the right to apply for membership. A tenant shall only be permitted membership where the property owner:

1. Consents in writing to a joint membership with the tenant during the term of the lawful tenancy;
2. Is not eligible for membership;
3. Refuses to be the responsible party for water services; or
4. Service is scheduled for disconnections and refuses to remedy the situation giving rise to the disconnect notice.

c. The term “member”, as used in these By-Laws, shall be deemed to include a married couple holding a joint membership, as well as a property owner/tenant holding a joint membership. Any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership.

d. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of the holders of a joint membership shall be as follows:

1. The presence at a meeting of either or both shall be regarded as the presence of one (1) member and shall have the effect of revoking a proxy executed by either or both and of constituting a joint waiver of notice of the meeting;
2. The vote of either separately or both jointly shall constitute one (1) joint vote.
3. A proxy executed by either or both shall constitute one (1) joint proxy.
4. A waiver of notice signed by either or both shall constitute a joint waiver.
5. Notice to either shall constitute notice to both.
6. Expulsion, death, termination or other withdrawal of either shall terminate the joint membership; provided, however, the remaining joint tenant may apply for and be considered separately for membership and, if accepted, shall have all rights, privileges and obligations as if the membership had never terminated.
7. Either, but not both, may be elected or appointed as an officer or director, provided that such appointee or electee shall meet the qualifications for such office.
8. The payment of any capital credit to either separately or both jointly shall constitute payment to both.

e. Where water service will be provided for use by more than one (1) person residing at the same location through the same meter (but not including master meters), the membership shall be deemed jointly held by each such resident who has reached the age of majority unless the application specifically requests individual membership and is specifically approved as an individual membership.

Section 6. LIMITATION ON MEMBERSHIP. No member may hold more than one (1) membership in the Association and no membership in the Association shall be transferrable, except as provided in the Associations' Articles of Incorporation or By-Laws, or by such procedure as duly adopted by the Board of Directors. A member may have more than one service account with the Association.

Section 7. CONVERSION OF MEMBERSHIP. Subject to the transferee satisfying membership and joint membership eligibility requirements set forth in this Article 2:

a. A membership may be converted from or to a joint membership upon written request of holder(s) thereof and the agreement by the member(s) to comply with the Articles of Incorporation, By-Laws, and rules and regulations adopted by the Board of Directors. The records of the Association shall reflect the change in the membership status and any outstanding membership certificate shall be surrendered and shall be re-issued by the Association in such manner as shall indicate the change of membership status.

b. Upon the death of any person who is a party to a joint membership, such membership shall be held solely by the survivor. The outstanding membership certificate, if any, shall be surrendered, and shall be re-issued in such manner and the changed membership status shall be reflected on the records of the Association; provided, however, the estate of the deceased shall not be released from any debts due the Association.

c. The heir of a deceased member may succeed to said membership, in the manner prescribed by the Board of Directors, if otherwise eligible for membership. The outstanding membership certificate, if any, shall be surrendered, and shall be re-issued in such manner and shall indicate the changed membership status; provided, however, the estate of the deceased shall not be released from any debts due the Association.

Section 8. PURCHASE OF WATER SERVICE. Each member shall, as soon as water service shall be available, purchase from the Association all water purchased for use on the premises specified in their application for membership, and shall pay therefor at rates which shall, from time to time, be fixed by the Board; provided, however, that the Board of Directors may limit the amount of water which the Association shall be required to furnish to any one (1) member. It is expressly understood that production or use of water on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with Association facilities, shall be subject to appropriate regulations as shall be fixed from time to time by the Association and authorized by any governmental agency whose authorization is required by law.

Section 9. TERMINATION OF MEMBERSHIP.

a. Any member shall be permitted to withdraw from this Association in the manner provided by the Board of Directors or rules and regulations of the Association.

b. The Board of Directors may, by affirmative vote of not less than two-thirds (2/3) of all the directors, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, By-Laws, or rules and regulations adopted by the Board of Directors, but only if such

member shall have been given written notice by the Association that such failure makes them liable to expulsion and such failure shall have continued for at least ten (10) days after such notice was given. Any expelled member may be reinstated by a majority vote of the Board of Directors or a majority vote of the members at any annual or special meeting; provided the cause for which the member was first expelled has been corrected.

c. In event a member at any time ceases to be eligible for membership as herein required and such ineligibility shall continue for six (6) continuous months, the membership theretofore shall automatically terminate upon appropriate entry in the membership records of the Association under the authorization of the Board of Directors.

d. The membership of a member whose service has been terminated under duly promulgated procedures adopted by the Board of Directors shall be deemed cancelled if not re-established within six (6) months and their name shall be removed from the active membership record of the Association.

e. Upon the withdrawal, death, cessation of existence, or expulsion of the member, the membership of such member shall thereupon terminate, and the membership certificate, if any, of such member shall be surrendered forthwith to the Association.

f. Termination of membership in any manner shall not release a member or their estate, heirs or successors-in-interest from any debts due the Association or affect any right or lien which the Association has against the retiring member or their property until such time as the indebtedness to the Association is fully paid; nor shall such termination cancel the capital account of the member, but may impact the timing and quantity of capital credits to be paid under duly promulgated procedures adopted by the Board of Directors.

ARTICLE III **Meeting of Members**

Section 1. PLACE OF MEETINGS. All meetings of members shall be held at the principal office of the Association or at any place within the Associations' certificated area, or within the City of Flagstaff.

Section 2. ANNUAL MEETINGS.

Section 2a. Date of Annual Meeting.

1. Annual meetings of the members shall be held each year on the first Wednesday in June, or such other date as determined by the Board of Directors.
2. At such meeting, reports of the affairs of the Association shall be considered, and any other business may be transacted which is within the powers of the members.

Section 2b. Notice.

1. Written notice of each annual meeting shall be given to each member entitled to vote, either personally, by mail, by electronic mail (e-mail), by text or other means of written

communication, charges prepaid, addressed to such member at the service address, e-mail address or text number appearing on the books of the Association or at such other address given in writing to the Association by the member for the purpose of notice.

2. At its option, the Association may, in addition to providing individual notice, publish notice at least once in some newspaper of general circulation in Coconino County, Arizona.
3. Where a membership is held jointly, notice duly provided hereunder to any of the joint members shall be notice to all the joint members.
4. All such notices shall be sent to each member entitled thereto not less than thirty (30) nor more than sixty (60) days prior to each annual meeting.
5. Such notices shall specify the place, the day, and the hour of the meeting and shall state such other matters, if any, as may be expressly required by statute or by the Board of Directors.

Section 3. ANNUAL MEETING CALLED BY MEMBERS. In the event the annual meeting is not held in any year as prescribed by Article III, Section 2 above, then any member may call such annual meeting within three (3) months after the Association's year end by providing notice as set forth in Section 2, and at such meeting, the directors may be elected and the members may transact other business with the same force and effect as at an annual meeting duly called and held.

Section 4. SPECIAL MEETINGS. Special meetings of the members, for any purpose or purposes whatsoever, may be called at any time by the president or chairman, or in the absence of the president or chairman, by the officer or director designated by the Board of Directors, or by members holding not less than ten percent (10%) of the voting power of the Association. Except in special cases where other express provision is made by statute, notice of such special meetings shall be given in the same manner as for annual meetings of members. Notice of any special meeting shall specify, in addition to the place, day and hour of such meeting, the general nature of the business to be transacted.

Section 5. QUORUM.

a. The presence at any meeting in person or by proxy of ten percent (10%) of the members entitled to vote shall constitute a quorum for the transaction of any business that may be lawfully brought before the meeting; provided, however, that:

1. The presence in person or by proxy of five percent (5%) of the members entitled to vote shall constitute a quorum for the purposes of convening the Annual Meeting and conducting the business set forth with specificity in the notice of the annual meeting, including the election of directors.
2. Notwithstanding the foregoing, in accordance with the Articles of Incorporation, at any duly convened regular or special meeting of the members noticed for the purpose of amending, altering or repealing the By-Laws or adopting new by-laws for the Association, the presence, in person or by proxy, of at least twenty percent (20%) of the membership shall be necessary to constitute a quorum for the consideration of the alteration, amendment, repeal or adoption of new by-laws.

b. The members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding withdrawal of enough members to leave less than a quorum.

Section 6. ADJOURNED MEETING AND NOTICE.

a. Any members meeting, annual or special, whether or not a quorum is present, may be adjourned from time to time by the vote of a majority of members present either in person or represented by proxy, but in the absence of a quorum, no other business may be transacted at such meeting.

b. When any members meeting, either annual or special, is adjourned it shall not be necessary to give any notice of the time and place of the adjourned meeting or of the business to be transacted thereat, other than by announcement at the meeting at which such adjournment is taken, except that written notice of such adjourned meeting shall be given as set forth in Section 2 of this Article where the meeting is adjourned and any of the following apply:

1. For thirty (30) consecutive days or more without any intervening meeting.
2. To a date more than seventy (70) days after the record date fixed for determining the members entitled to notice.
3. The Board of Directors fixes a new date for determining the right to notice or the right to vote, notice of the adjourned meeting shall be given as in the case of an original meeting.

Section 7. VOTING.

a. Only persons in whose names membership is recorded on the membership records of the Association on the record date fixed by the Board of Directors shall be entitled to vote at such meeting. Each membership, whether single or joint, shall have only one vote. Members holding more than one meter shall have only one vote. Such vote may be viva voca, by written ballot, on a form provided by the Board of Directors or by online voting subject to the requirements of this Section and applicable law.

b. Action that requires the members approval at any duly convened regular or special meeting of members may be taken without a meeting provided a written ballot is delivered to every member entitled to vote on the matter and all the following requirements are met:

1. The written ballot:
 - i. Sets forth each proposed action.
 - ii. Provides an opportunity to vote for or against each proposed action.
 2. The number of ballots cast equals or exceeds the quorum required to be present at a meeting authorizing the action.
 3. The number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting with the same number of total votes cast.
- c. All solicitations for votes by written ballot shall:
1. Indicate the number of responses needed to meet the quorum requirements.

2. State the percentage of approvals necessary to approve each matter other than election of directors.
3. Specify the time by which a ballot must be delivered to the Association to be counted, which date cannot be less than three (3) days after the date the Association delivers the ballot.

d. A written ballot is not revocable once delivered to the Association as to any matter for which a position for or against could have been taken on the ballot.

e. A vote may be conducted by electronic means where, in addition to satisfying the conditions set forth in subsections b and c above:

1. Members are provided notice of a reasonable alternative procedure to obtain and cast a ballot through some other form of delivery, such as, but not limited to, United States mail or fax transmission.
2. The online voting system does all of the following:
 - i. Authenticates the member's identity.
 - ii. Authenticates the validity of each electronic vote to ensure that the vote is not altered in transit.
 - iii. Transmits a receipt to each member who casts an electronic vote.
 - iv. Stores electronic votes for recount, inspection and review purposes.

Section 8. PARTICIPATION IN MEETING BY TELEPHONE OR ELECTRONIC MEANS. Members may participate in a meeting of members by means of conference telephone or other form of electronic communication equipment provided all persons participating in the meeting can hear each other and be adequately identified as eligible to vote at the meeting. Participation in a member meeting pursuant to this subsection shall constitute presence in person at such a meeting.

Section 9. ACTION BY WRITTEN CONSENT.

a. The members may approve any action that requires member approval without a meeting of members, or notice thereof, if the action is approved by the written consents of members holding not less than a majority of the voting power entitled to vote thereon. Such action has the effect of a meeting vote and shall be described as such.

b. The written consents shall describe the action taken, be signed by those members representing at least a majority of the voting power entitled to vote thereon, contain the date the member signed the consent and be delivered to the Association for inclusion in the minutes or filing with the Association's records. Signatures include electronic signatures as defined by section 44-7002 of the Arizona Revised Statutes, as amended or superseded.

c. The record date for determining members entitled to take action without a meeting is the date the first member signs the written consent to the action.

d. Unless otherwise provided by law or these By-Laws, the action shall be effective on the date that the consent or consents are signed by the last member whose signature results in the requisite amount of the voting power, or such later effective date set forth in the consents.

e. Written notice of member approval by written consent shall be given to those members who have not consented in writing to taking such action within forty-five (45) days of delivery of sufficient written consents to the Association.

f. Any member may revoke the member's consent by delivering a signed revocation of the consent to the president or secretary of the Association before the date sufficient signatures are obtained to approve the action.

g. Transactions at any meeting of members, either annual or special, however called and noticed, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy and if, either before or after the meeting, each of the persons entitled to vote, but not present in person or by proxy, signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records and made a part of the minutes of the meeting.

Section 10. WAIVER OF NOTICE. A member may waive any notice required by statute or these By-Laws.

a. The waiver shall be in writing, be signed by the member entitled to notice and be delivered to the Association for inclusion in the minutes or filing with the Association's records.

b. A member's attendance at a meeting waives:

1. Lack of notice or defective notice of the meeting, unless the member at the beginning of the meeting objects to holding the meeting or transacting business at the meeting.
2. Objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the member objects to considering the matter at the time it is presented.

Section 11. PROXIES.

a. Every member entitled to vote or execute consents shall have the right to do so either in person or by one or more agents authorized by a written proxy executed by such person or his duly authorized agent and filed with the secretary of the Association. Any proxy duly executed is not revoked and continues in full force and effect for eleven (11) months unless a different period is expressly provided in the appointment.

b. Unless the appointment form conspicuously states that it is irrevocable and the appointment is coupled with an interest, a proxy is revocable by the member:

1. Attending any meeting and voting in person.

2. Signing and delivering to the secretary of the Association, or other officer or agent authorized to tabulate proxy votes either a written statement that the appointment of the proxy is revoked or a subsequent appointment form.
3. As otherwise allowed by statute.

c. An appointment made irrevocable is revoked if the interest with which it is coupled is extinguished.

Section 12. LIST OF MEMBERS ENTITLED TO VOTE.

a. Within ten (10) days after the record date for a meeting of members, but no later than ten (10) days prior to the meeting, the secretary of the Association shall prepare and make a complete list of the members entitled to vote at the meeting, arranged in alphabetical order and showing the address and number of votes each member is entitled to vote at the meeting. The secretary of the Association shall maintain a separate list of members, if any, entitled to vote at the meeting, but not entitled to notice of the member meeting. Such lists shall be available at the Association's principal place of business, during ordinary business hours. The lists shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any member who is present.

b. For the purpose of communication with other members concerning the meeting, the Association shall make the lists of members available for inspection by any member at the Association's principal office and such other places specified in the notice of the meeting. Inspection and copying of the list shall be limited to the member, the member's agent and the member's attorney and satisfaction of all the following conditions:

1. The member's request is made in good faith and for a proper purpose.
2. The member describes with reasonable particularity the member's purpose.
3. The records are directly connected with the member's purpose.
4. Without the consent of the Board of Directors, no part of the list may be obtained or used:
 - i. For any purpose unrelated to a member's interest as a member.
 - ii. To solicit money or property unless the money or property will be used solely to solicit the votes of the members in an election to be held by the Association.
 - iii. For any commercial purpose.
 - iv. For the sale or purchase by any person.
5. The member pays the cost of any copies.

Section 13. INSPECTORS OF ELECTION. The Board of Directors may direct Association employees to act as inspectors of election, or at the board's sole discretion, may appoint up to three (3) persons, other than nominees for office, as inspectors of elections for such meeting or any adjournment thereof. The duties of such inspectors shall include: determining the number of members entitled to vote and the voting power of each, the members represented at the meeting; the existence of a quorum; the authenticity, validity, and effect of proxies; receiving votes, ballots or consents; hearing and determining all challenges and questions in any way arising in connection with the right to vote; counting and tabulating all votes or consents; determining the result; and such acts as may be proper to conduct the

election or vote with fairness to all members. Inspectors may appoint assistants from the membership, excluding directors, officers and nominees, for the purpose of counting and tabulating votes.

ARTICLE IV **Directors**

Section 1. POWERS. Subject to the limitations of the Articles of Incorporation, the By-Laws, and the Arizona General Non-Profit Corporation law as to action to be authorized or approved by the members, and subject to the duties of directors as prescribed by the By-Laws, all corporate powers shall be exercised by or under the authority of and the business and affairs of the Association shall be controlled by the Board of Directors. Without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the directors shall have, but not be limited to or required to exercise, the following powers, to-wit:

a. To select, appoint and remove all officers, agents or employees of the Association, designate such powers as may not be inconsistent with these By-Laws and fix their compensation.

b. To conduct, manage and control the affairs and business of the Association, and to make such rules and regulations therefor not inconsistent with law, or with the Articles of Incorporation or the By-Laws, as they may deem best.

c. To change the principal office for the transaction of the business of the Association from one location to another within the same county as provided in Article I, Section 2 hereof; to designate any place within or without the State of Arizona for the holding of any members meeting or meetings; and to adopt, make and use a corporate seal, and to prescribe the forms of membership certificate and to alter the form of such seal and of such certificates from time to time as, in their judgment, they may deem best, provided such seal and such certificates shall at all times comply with the provisions of law.

d. To borrow money and incur indebtedness for the purposes of the Association, and to cause to be executed and delivered therefor, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations or other evidences of debt and securities therefor.

e. To fix charges to be paid by each member for the services rendered by the Association to him, the time of payment and the manner of collection for the same will implement those charges in the manner authorized by these By-Laws and pursuant to law.

f. To designate one or more committees, each committee to consist of two or more directors of the Association, which committee or committees, to the extent provided in such resolution(s) or motion(s) creating same, shall have and may exercise, subject to the general direction, approval and control of the Board of Directors, the powers of the Board of Directors in the management of the business and affairs of the Association, or any part thereof, and may have power to authorize the seal of the Association to be affixed to all papers that may require same.

g. To order an audit of the books and accounts of the Association by a competent public auditor or accountant. Reports submitted by such public auditor or accountant, or a reasonable and accurate

summary thereof, may be submitted to the members of the Association at their annual meeting. The Board may also provide for such other audits as it shall deem desirable for the best interest of the Association.

h. To present at any meeting of the members, a full and accurate statement of the business and conditions of the Association.

i. To require all officers, agents and employees of the Association charged with responsibility for the custody of any of its funds or property to furnish adequate bonds. Such bonds shall be furnished by a reasonable bonding company and cost thereof shall be paid by the Association.

Section 2. NUMBER AND QUALIFICATIONS OF DIRECTORS. The number of directors shall not be less than five (5) nor more than seven (7) as determined by resolution or motion of the Board of Directors from time to time. The directors must be members of the Association.

Section 3. ELECTION AND TERM OF OFFICE.

Section 3a. Elections.

1. The election of directors shall be held annually in conjunction with the annual meeting of members but shall be conducted by separate written or online ballot.
2. Only persons in whose names membership is recorded on the membership records of the Association sixty (60) days prior to the date of the annual meeting shall be entitled to vote in such elections.
3. Ballots in a form provided by the Association shall be mailed to all members eligible to vote not less than thirty (30) days prior to the date of the annual meeting and must be received by the Association, in person, by proxy or by mail, no later than the last business day prior to the date set for the annual meeting.
4. All eligible votes cast in the election shall count toward the annual meeting quorum requirement of five percent (5%) of members eligible to vote at the annual meeting.
5. Where directors being elected will serve terms of unequal duration, the person receiving the highest number of votes shall fill the term of greatest duration.
6. A person need not receive a majority of the votes cast to be elected director.

Section 3b. Nomination Process.

1. Any member, otherwise eligible to be a director and who has agreed to serve may have their name placed on the ballot by satisfying either of the following requirements:
 - i. Any incumbent who has notified the secretary of the Association in writing of their intent to seek re-election not less than sixty (60) days prior to the annual meeting.
 - ii. Any member presenting nominating petition(s) to the secretary of the Association not less than sixty (60) days prior to the annual meeting and containing signatures of not less than twenty-five (25) members eligible to vote in the election.
2. Nominating petitions may be obtained from the Association's offices not more than one hundred twenty (120) days prior to the annual meeting. For nominating petitions to be accepted by the secretary of the Association they must meet all of the following:

- i. Be in the form approved by the Board of Directors.
- ii. Be circulated only by a member eligible to vote in the election.
- iii. Include the signed verification of the circulator that each of the names on the petition was signed in the circulator's presence on the date indicated and that the circulator believes the signer is the person whose name appears and is qualified to vote in the election.

Section 3c. Term of Directors.

1. When more than one director's position is being filled by an election, the person receiving the most eligible votes cast shall be elected to the longest term. Directors shall then and thereafter be elected for staggered three (3) year terms.
2. All directors shall hold office until their respective successors are elected and qualify or until earlier resignation or removal.

Section 4. REMOVAL AND RESIGNATION.

a. Any director may be removed by a majority vote of the remaining directors at any duly convened regular or special meeting of the Board of Directors for reason of three (3) or more consecutive absences from regularly scheduled Board meetings. Any director may be removed by a majority vote of the members at any duly convened regular or special meeting noticed for that purpose.

b. A director may resign from their position as director, and from any other office to which they have been elected by the members of the Association or by the Board of Directors, by a letter addressed to the secretary of the Association. Such resignation shall take effect immediately upon the receipt of said notification by the secretary, or such later date specified in the notification and the secretary shall thereupon notify the remaining members of the Board.

Section 5. VACANCIES.

a. Vacancies in the Board of Directors may be filled by a majority of the remaining directors, though less than a quorum, or by a sole remaining director. A vacancy or vacancies in the Board of Directors shall be deemed to exist in case of the death, resignation or removal of any director, or if the authorized number of directors be increased, or if the members fail, at any annual or special meeting of members at which any director or directors are elected, to elect the full authorized number of directors to be voted for at that meeting. At any meeting of the members noticed for that purpose, the members may elect a director or directors to fill any vacancy or vacancies not filled by the directors.

b. The term of any director duly appointed to fill a vacancy on the Board expires at the end of the unexpired term that the director is filling, subject to being removed, terminated or vacated earlier as otherwise provided pursuant to these By-Laws or law.

Section 6. PLACE OF MEETING. Regular meetings of the Board of Directors shall be held at any place within or without the State of Arizona which has been designated from time to time by the Board or by written consent of all members of the Board. In the absence of such designation, regular

meetings shall be held at the principal office of the Association. Special meetings of the Board may be held either at the place so designated or at the principal office.

Section 7. ORGANIZATION MEETING. Immediately following each annual election of directors, the Board of Directors shall hold a regular meeting for the purpose of organization, election of officers and the transaction of other business. Notice and call of such meetings are hereby dispensed with.

Section 8. OTHER REGULAR MEETINGS. Other regular meetings of the Board of Directors shall be held without call or notice at such time and at such place as shall, from time to time, be determined by the Board of Directors and unless altered by the Board of Directors shall be held monthly.

Section 9. SPECIAL MEETINGS. Special meetings of the Board of Directors for any purpose or purposes shall be called at any time by the president or chairman or by any two directors. Written notice of the time and place the special meetings shall be delivered by mail, by electronic mail (e-mail), text or by other form of written communication, charges prepaid, addressed to them at their address or text number as it is shown upon the records of the Association, or if it is not so shown on such records or is not readily ascertainable, at the place at which the meetings of the directors are regularly held. In case such notice is mailed, it shall be deposited in the United States mail or similar carrier at least three (3) days prior to the time of the holding of the meeting. In case such notice is delivered personally, by e-mail or text as above provided, it shall be so delivered at least twenty-four (24) hours prior to the time of the holding of the meeting. Such mailing or delivery as above provided shall be due, legal and personal notice to such director. Attendance of a director at any meeting shall constitute a waiver of notice of such meeting except when attendance is for the express purpose of objecting to the manner in which the meeting was convened.

Section 10. QUORUM. A majority of the authorized number of directors shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereinafter provided. In the event less than a majority of directors remain in office, all those directors remaining in office shall constitute a quorum for the sole purpose of filling sufficient vacancies so that there is a majority of the authorized number of directors in office. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors unless a greater number is required by law or by the Articles of Incorporation of the Association.

Section 11. PARTICIPATION IN MEETING BY TELEPHONE OR ELECTRONIC MEANS. Members of the Board of Directors or any committee designated by such Board may participate in a meeting of such Board or committee by means of conference telephone or other form of electronic communication equipment provided all persons participating in the meeting can hear each other and be adequately identified. Participation in a meeting pursuant to this subsection shall constitute presence in person at such a meeting.

Section 12. WAIVER OF NOTICE. The transaction of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though it had at a meeting duly held after regular call and notice, if a quorum be present and if, either before or after the meeting, each of the directors not present signs a written waiver of notice or a consent to holding such meeting or an approval

of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 13. ACTION WITHOUT A MEETING. Unless otherwise restricted by the Articles of Incorporation or by these By-Laws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board or of such committee, as the case may be, consent thereto in writing setting forth the actions so taken, and the writing or writings are filed in the minutes of the proceedings of the Board or committee.

Section 14. ADJOURNMENT. A quorum of the directors may adjourn any directors meeting to meet again at a stated day and hour; provided, however, that in the absence of a quorum, a majority of the directors present at any directors meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board.

Section 15. NOTICE OF CONTINUATION. Notice of the time and place of holding an adjourned meeting need not be given to absent directors if the time and place be fixed at the meeting adjourned.

Section 16. FEES AND COMPENSATION. Directors shall serve without compensation for their services, except for such reimbursement as and for expenses as may be fixed or determined by the Board of Directors; provided, however, that this provision shall not prohibit any officer of the Association being paid a reasonable salary or remuneration for services rendered or prohibit the Board of Directors from authorizing a per diem payment to directors for attending each Board or committee meeting not to exceed a total of one hundred fifty dollars (\$150.00) per month.

ARTICLE V **Officers**

Section 1. OFFICERS. The officers of the Association shall be a president or chairman, a secretary and such other officers and subordinate officers as the Board of Directors, in its discretion, may establish. The Board of Directors shall set forth the duties and authority of each officer and subordinate officer created by these By-Laws or the Board of Directors. A duly appointed officer may appoint one or more officers or assistant officers to perform or to assist in the performance of that officer's duties. One person may hold two or more offices.

Section 2. ELECTION. The president or chairman and the secretary of the Association, as well as such other officers so designated by the Board of Directors, shall be chosen annually by the Board of Directors, and each shall hold their office for a year or until his successor shall be elected and qualified, unless, prior thereto, the officer resigns, is removed or otherwise becomes disqualified to serve. There is no limit to the number of consecutive terms an officer may serve, unless the Board of Directors establishes otherwise.

Section 3. REMOVAL AND RESIGNATION.

a. Any officer may be removed, with or without cause, by the Board of Directors, at any duly convened regular or special meeting of the Board or by any officer upon whom such power of removal has been expressly conferred by the Board of Directors.

b. Any officer may resign at any time by giving written notice to the Board of Directors or to the president, or to the secretary of the Association. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 4. VACANCIES. A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled in the manner prescribed in the By-Laws for regular appointment to such office, at any duly convened regular or special meeting of the Board of Directors.

Section 5. PRESIDENT/CHAIRMAN OF THE BOARD. The president, or if there is such an officer, the chairman of the board, shall, if present, preside at all meetings of the Board of Directors and exercise and perform such other powers and duties as may, from time to time, be assigned to him by the Board of Directors or prescribed by the By-Laws. Such officer shall be the chief executive officer of the Association and shall, subject to the control of the Board of Directors, be vested with general supervision, direction and control of the business and officers of the Association, including keeping or cause to be kept adequate and correct account of the properties and business transactions of the Association, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, surplus and capital credits and shall preside at all meetings of the membership.

Section 6. SECRETARY.

a. The secretary shall keep, or cause to be kept, at the principal place of business of the Association or such other place as the Board of Directors may order, a book of minutes of all meetings of directors and membership, with the time and place of holding, whether regular or special and, if special, how authorized, the notice thereof given, the names of those present at the directors' meetings, the number of the members present or represented at members' meetings, and the proceedings thereof.

b. The secretary shall keep, or cause to be kept, at the principal office of the Association a membership register, or a duplicate membership register, showing the name of the members and their addresses.

c. The secretary shall give, or cause to be given, notice to all the meetings of the membership and the Board of Directors required by the By-Laws or by law to be given, and shall keep the seal of the Association, if any, in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or by the By-Laws.

ARTICLE VI
Committees

Section 1. COMMITTEES. The Board of Directors may, from time to time, by the affirmative vote of a majority of the directors in office at the time appoint such committees as the said Board may deem advisable and such committees shall have such authority and shall perform such duties as from time to time may be prescribed by the Board of Directors. Members of such committees shall hold office until completion of their duties and dismissal by the Board of Directors. The Board of Directors may dissolve such committees at any time by majority vote.

ARTICLE VII
Record Date

Section 1. FILING RECORD DATE.

a. In order that the Association may determine the members entitled to notice or to vote at any meeting of the members or any adjournment thereof, or allotment of any rights, or for the purpose of any other lawful action for which a record date is not fixed by the By-Laws, the Board of Directors may fix, in advance, a record date, which shall not be more than seventy (70) nor less than ten (10) days before the date of such meeting, nor more than seventy (70) days prior to any other action.

b. If no record date is fixed:

1. The record date for determining members entitled to notice of or to vote at a meeting of members shall be at the close of business on the day next preceding the day on which notice is given.
2. The record date for determining members for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.
3. A determination of members of record entitled to notice of or to vote at a meeting of members shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

c. Unless otherwise required by statute or these By-Laws, only members of record on the date fixed under (a) or (b) above shall be entitled to such notice of and to vote at such meeting and any adjournment thereof or entitled to exercise any such rights or for the purpose of any other lawful action or to give such consent, as the case may be, notwithstanding any transfer of any membership on the books of the Association after any such record date fixed as aforesaid.

ARTICLE VIII
Indemnification

Section 1. INDEMNIFICATION OF OFFICERS AND DIRECTORS. The Association, to the full extent permitted by law, shall indemnify any and all of its directors, officers, employees and agents against expenses incurred by them, including legal fees, or judgments or penalties rendered or levied against any such persons in a legal action brought against any such persons for actions or omissions alleged to have been committed by any such person while acting within the scope of his employment as

a director, officer, employee or agent of the Association, provided that the Board of Directors shall determine, in good faith, that such person acted, or failed to act in good faith, and in a manner he reasonably believed to be in or not opposed to the best interests of the Association and with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The Association may purchase and maintain liability insurance on behalf of any or all such persons to the full extent permitted under Arizona law.

ARTICLE IX
Billing

Section 1. METER READING – BILLING – COLLECTING. All activities of the Association in regard to the reading of meters, billing for services and collecting payments due and owing for services rendered shall be in the manner provided by rules and regulations adopted by the Board of Directors and/or as approved by the ACC or otherwise permitted by law. All water rents for any calendar month shall be paid monthly and bills rendered monthly. Bills for water will be figured in accordance with the Association’s published rate schedule as approved by the ACC and will be based on the amount consumed for the period covered by the meter reading (except where estimations are necessary). Failure to receive bills and notices shall not prevent such bills from becoming delinquent nor relieve the consumer from payment. Collection of bills for services rendered the consumer by the Association may be enforced by filing an action in any court of competent jurisdiction in the usual way provided by law for the collection of debts.

ARTICLE X
Capital and Surplus

Section 1. ASSOCIATION CAPITAL. The capital of the Association shall consist of (1) such funds as the Association may be granted or may borrow from its members or other sources, and (2) any other properties which the Association may own, build or acquire through toll charges or otherwise.

Section 2. DISTRIBUTIONS. Subject to the limitations imposed by statute or the Articles of this Association or By-Laws, the Board of Directors may, upon resolution duly adopted by a majority of the whole Board, at the regular February meeting provide for the distribution of any surplus of the Association, including retirement of member capital credits. Before any such distribution is made, the directors must set aside a fund sufficient to provide for all current obligations outstanding, including amortization and interest charges and, in addition, the directors may set aside such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for repairing or maintaining of any property of the Association, or for such other purposes as the directors shall think conducive to the interest of the Association, and the directors may abolish any such reserve in the manner in which it was created.

ARTICLE XI
Miscellaneous

Section 1. CHECKS, DRAFTS, ETC. All checks, drafts, or other orders for payment of money, notes or other evidence of indebtedness, issued in the name of or payable to the Association, shall

be signed or endorsed by such person or persons and in such manner as from time to time shall be determined by resolution of the Board of Directors.

Section 2. CONTRACT, ETC., HOW EXECUTED. The Board of Directors, except as otherwise provided in the By-Laws, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances; and, unless so authorized by the Board of Directors, no officer, agent or employee shall have any power or authority to bind the Association by any contract or engagement or to pledge its credit or to render it liable for any purpose or to any amount.

Section 3. FISCAL YEAR. The fiscal year end of the Association shall be designated and determined by the Board of Directors from time to time and, until amended, shall be December 31.

Section 4. REPRESENTATION OF SHARES OF OTHER CORPORATIONS. The president or chairman of this Association is authorized to vote, represent and exercise on behalf of this Association all rights incident to any and all shares of any other corporation or corporations standing in the name of this Association. The authority herein granted to said officers to vote or represent on behalf of this Association any and all shares held by this Association and in any other corporation or corporations may be exercised either by such officers in person or by any other person authorize so to do by proxy or power-of-attorney duly executed by said officers.

Section 5. CONSTRUCTION AND DEFINITIONS. Unless the context otherwise requires, the general provisions, rules of construction and definitions contained in the Arizona General Non-Profit Corporation law (Chapters 24 through 40, Title 10, Arizona Revised Statutes) shall govern the construction of these By-Laws. Without limiting the generality of the foregoing, the masculine gender includes the feminine and neuter; and the singular number includes the plural and the plural number includes the singular; and the term "person" includes a corporation, partnership, limited liability corporation and similar legally recognized entities, as well as a natural person.

ARTICLE XII
Amendments of By-Laws

Section 1. AMENDMENT. The power to amend, alter or repeal these By-Laws, and to adopt new By-Laws from time to time by the Board of Directors and members is as specified in the Association's Articles of Incorporation.

CERTIFICATION

I hereby certify that the foregoing By-Laws were adopted by the Board of Directors of the Association at the meeting called for that purpose on the 16 day of December, 2020.



SECRETARY