

BYLAWS
OF
GLENBROOK WATER COOPERATIVE
A Nevada Non-Profit, Cooperative Corporation

**ARTICLE I.
GENERAL PROVISIONS**

Section 1. Name. GLENBROOK WATER COOPERATIVE, a Nevada non-profit corporation organized under Nevada Revised Statutes, chapter 82, doing business as "GLENBROOK WATER COOPERATIVE."

Section 2. Purpose. The purpose of the Corporation is to provide water service to its Members within the Service Area, as amended from time to time, described in Section 1 of Article XII.

Section 3. Offices. The principal office and other offices of the Corporation shall be located at such place or places as designated from time to time by the Board of Directors.

Section 4. Registered Office and Resident Agent. The address of the Corporation and the name and address of the Resident Agent for the Corporation shall be registered with the Secretary of State of the State of Nevada, as the same may be changed from time to time.

Section 5. Effective Date of Bylaws. These Bylaws, as they may be amended from time to time as herein provided, shall be effective upon adoption and certification by the Board of Directors, and shall be kept at the principal office of the Corporation for inspection by its Members upon reasonable notice.

**ARTICLE II.
MEMBERSHIP**

Section 1. Qualifications for Membership. The qualifications to become a Member of the Corporation are:

- 1) Ownership of a parcel of land or subdivided lot located within the Service Area; and
- 2) Existing connection to the water distribution system, paid for by the owner, operated by the Corporation or upon approval of an application for water service and connection to the water distribution system.

Section 2. No Additional Qualifications. No assessment fees, and/or charges shall be assessed as a condition for new membership except such assessments, fees and/or charges specifically provided by the Bylaws or authorized by the Board of Directors for establishment of water service.

Section 3. Termination, Suspension and Reinstatement of Membership.
Termination of membership shall occur in the event of discontinuance of ownership of property in the Service Area or in the event water service is voluntarily discontinued. Suspension and reinstatement of Membership shall be on the terms set forth in these Bylaws. Termination or suspension of membership shall not relieve the Member from any obligations he/she/it may have to the Corporation for any fees, charges, obligations or assessments, of any kind.

Section 4. Transfer of Membership. No Member may transfer membership, or any portion thereof, including in the event of sale of his/her/its property within the Service area. Any change in ownership of property is subject to the provisions of Section 7 of Article XIII. Any transfer by a Member shall not be recognized by the Corporation and is void.

Section 5. Member Defined. The term Member as used herein shall include single or multiple ownership of the same lot or parcel of land.

ARTICLE III. VOTING RIGHTS

Section 1. Exercise of Voting Rights. The voting power in the Corporation of each Member shall be equal. There is only one class of votes. Each lot or parcel of land receiving water service shall constitute one membership, and shall exercise one vote even though there may be multiple owners. Any Member entitled to vote may attend and vote at meetings in

person or by a proxy holder duly appointed by a written proxy signed by the Member and filed with the Secretary before or at the time of the meeting. Any proxy shall be for a term not to exceed six (6) months unless otherwise expressly provided in the proxy, but shall in no event exceed seven (7) years. A proxy may be revoked at any time by written notice to the Secretary or by a proxy bearing a later date. It shall also be deemed revoked when the Secretary receives notice of death or judicially declared incompetence of a Member (in case of multiple ownership, the death or judicially declared incompetence of any owner) or upon suspension or termination of membership. Multiple owners of a single membership may attend meetings but shall only be entitled to exercise one vote attributable to such membership. In the event that more than one vote per membership is cast, then the vote of the membership is void.

Section 2. Suspension of Voting Rights. Any Member in violation or in non-compliance with any Bylaw and/or any member having had water service discontinued for any reason shall not be entitled to vote until any violation has been discontinued or compliance has been made to the satisfaction of the Board of Directors, and in the event of discontinuance of water service, until water service has been restored. Members who are past due on payments also may be suspended. Before suspension may become effective, the Corporation must provide the Member with written notice at least fifteen (15) days before the suspension shall take effect. The written notice shall provide the reasons for suspension. The Member may respond in writing no later than five (5) days before the suspension becomes effective. Any proceeding challenging suspension, including when defective notice is alleged, must be commenced within that same time period.

ARTICLE IV. MEMBERSHIP MEETINGS

Section 1. Place of Meetings. All meetings either annual or special, of the Members shall be held in Glenbrook, Nevada, the specific date, time and location to be designated by the Board of Directors.

Section 2. Annual Meetings. There shall be an annual meeting of the Members each year. The specific date, time and location of which shall be designated by the Board of

Directors no later than thirty (30) days in advance of the meeting, with notice given as provided in Section 4, below.

Section 3. Special Meetings. Special meetings of the Members may be called at any time for the purposes stated herein by written notice signed by a majority of the Board of Directors or by the Members having at least one third of the total votes. A Special Meeting may only be called for the election or removal of Directors, amendment of the bylaws or for any other matter for which Member approval is required by law or by these bylaws.

Section 4. Notice of Meetings. Notice of meetings, annual or special, shall be given in writing to the Members entitled to vote by the Secretary, or in the case of his neglect or refusal, by any Director or Member.

The primary method of sending notices to members will be by email. Members may opt out of emailing and have notifications sent US Mail. Notices shall be sent to each Member's address appearing on the books of the Corporation or supplied by him/her to the Corporation for the purpose of notice or personally delivered, not less than five (5) days nor more than sixty (60) days before such meeting. If mailed such notice shall be conclusively deemed to be delivered three (3) days after it has been deposited in the United States mail.

Notices of any meeting of Members shall specify the place, day and hour of the meeting, and in case of special meetings, the general nature of the business to be transacted.

Section 5. Waiver of Notice. Attendance of a Member at any meeting shall constitute a waiver of notice of such meeting except where a Member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 6. Quorum. A Quorum is necessary for action by the Members. One third of Members, represented in person or by proxy, shall constitute a quorum. If less than a quorum is represented, the meeting may be adjourned until the necessary votes, to constitute a quorum, are represented.

Section 7. Action by Written Consent of the Members. Any action required or permitted to be taken at a meeting of the Members may be taken without a meeting if a consent or agreement in writing setting forth the action so taken or approved shall be signed by the

majority of the Members entitled to vote with respect to the subject matter. Such agreement or consent shall be filed by the Secretary in the records of the Corporation.

Section 8. Written Ballot. Action that may be taken at a regular or special meeting of Members, including the election of Directors, may be taken without a meeting if the Corporation emails, mails or delivers a written ballot to every Member entitled to vote on the matter.

- 1) A written ballot must:
 - a) Set forth each proposed action or candidate; and
 - b) Provide an opportunity to vote for or against each proposed action or candidate.
- 2) Approval by written ballot under this section is valid when the number of votes cast by ballot equals or exceeds the majority of the Members entitled to vote.
- 3) Solicitations for votes by written ballot must:
 - a) Indicate the number of responses needed to meet the requirements for approval; and
 - b) Specify the time by which a ballot must be received by the Corporation in order to be counted.
- 4) A written ballot once received by the Corporation may not be revoked.

Section 9. Presiding Officer. The President, or in his/her absence, the Vice President, or in his/her absence, the Secretary, shall preside at all meetings of the Members. If none of these officers are available, then any Director may preside.

ARTICLE V. POWERS AND DUTIES OF THE COMPANY

Section 1. Powers of the Corporation. The Corporation is empowered and authorized to operate the water intake, treatment and distribution facilities, including all water rights owned by it, and to provide water service to its Members within the Service Area.

Section 2. Duties of the Corporation. The Corporation is required to and shall levy upon each service connection and collect funds in an amount reasonably sufficient to operate, maintain, expand, modify, or improve the water intake, treatment and distribution facilities, and to repair and replace the same, to obtain all equipment necessary therefore, and comply with all applicable regulatory and other legal requirements as may be changed from time to time, and to perfect and protect its water rights in compliance with all applicable regulatory and other legal requirements as may be in force from time to time.

ARTICLE VI. BOARD OF DIRECTORS

Section 1. Exercise of Powers. The powers of the Corporation shall be vested in and exercised by, and the affairs of the Corporation shall be controlled by, the Board of Directors except as provided herein. The Board of Directors shall consist of five (5) individuals who shall also be Members and at least 18 years of age. The number of Directors may be increased by an Amendment to the Articles of Incorporation.

Section 2. Term and Removal. Directors shall serve until their respective successors are elected, or until death, resignation or removal, whichever comes first. Five Directors shall be elected by the Members. Each Director shall serve a two (2) year term beginning on October 1 and ending on September 30. Annual elections shall be held to fill any expiring terms. Two Directors will be elected on even numbered years and three Directors will be elected on odd numbered years. If any Director ceases to be a Member, then his Board membership shall terminate and the remaining Directors shall appoint a successor to serve the remainder of that term. Any Director may resign at any time by giving written notice to the President or Secretary, and any Director may be removed from office by a majority vote of the Members.

Section 3. Vacancies. Vacancies shall occur in the event of death, resignation or removal of any Director. Vacancies on the Board of Directors for any reason shall be filled by the remaining Directors though that might be less than a quorum, and each Director so elected shall hold office until his successor is elected by the Members. Upon tender of a resignation by a Director, the Board of Directors shall have the power to appoint his successor to take office at such time as the resignation becomes effective. The Members may elect a Director to fill any vacancy not filled by the Directors.

Section 4. Conduct of Business. A Quorum is necessary for action by the Board of Directors. Three (3) Directors shall constitute a quorum. If less than a quorum is present, the Directors present may adjourn from time to time, until the necessary votes to constitute a quorum are represented, but may not transact any business.

Section 5. Place of Meetings. Meetings of the Board of Directors shall be held at any place within or without the State of Nevada as designated from time to time by resolution of the Board of Directors or by written consent of all members of the Board. Notice of meetings shall be provided to the membership.

Section 6. Special Meetings Notices. Special meetings of the Board of Directors for any purpose or purposes may be called at any time by the President, or by any two Directors. Written notice of the time and place of special meetings shall be delivered personally to the Directors or sent to each Director by email or mail, postage prepaid, addressed to him/her at his/her address as shown upon the records of the Corporation, or if it is not shown upon the records or is not readily ascertainable, at the place in which the meetings of the Directors are regularly held. All notices required to be delivered to a Director may be delivered to the email address for such Director as provided and changed by the Director to the Secretary from time to time and shall be deemed as though by personal delivery when sent. In case such notice is mailed, it shall be deposited in the United States mail in the place in which the principal office of the Corporation is located at least three (3) days prior to the time of the holding of the meeting. In case of personal delivery, the notice shall be so delivered at least 24 hours prior to the time of the holding of the meeting. Such mailing or personal delivery as above provided shall be legal and proper notice.

Section 7. Waiver of Notice. When all the Directors are present at any Directors meeting, however called or noticed, and sign a written waiver on the records of such meeting, or if a majority of the Directors are present and sign in writing a waiver of notice of such meeting, whether prior to or after the holding of such meeting, such waiver shall be filed with the Secretary of the Corporation, and the transactions thereof are as valid as though a meeting was regularly called and noticed.

Section 8. Notice of Adjournment. 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 9. Action Without a Meeting. Any action required or permitted to be taken by the Board of Directors may be taken without a meeting, if all or the majority of the Directors shall individually or collectively consent in writing, including email, to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board.

ARTICLE VII. TELEPHONIC AND ELECTRONIC MEETINGS

Besides meeting in person, meetings may be held by teleconference in which a majority of the members of the Board, in different locations, are connected by electronic means, through audio or video or both. A teleconference meeting shall be conducted in a manner that protects the rights of members of the corporation and otherwise complies with the requirements of NRS 82.271. The notice of the teleconference meeting shall identify at least one physical location so that members of the Corporation may attend and at least one member of the Board of Directors or a person designated by the Board shall be present at that location. Participation by Board members in a teleconference meeting constitutes presence at that meeting as long as all Board members participating in the meeting are able to hear one another and members of the corporation speaking on matters before the Board.

ARTICLE VIII. POWERS AND DUTIES OF BOARD OF DIRECTORS

Section 1. Powers and Duties in Bylaws. The Board of Directors shall have the exclusive right and responsibility to perform all of the duties, powers and functions of the Corporation, except as provided herein, and all the rights in connection therewith as set forth in the Bylaws, as the same be amended from time to time.

Section 2. Accounting for the Operation and Maintenance Fund. By June 1 audited financial statements shall be available upon request to Members.

Section 3. Other Books and Records. The Board of Directors shall also maintain a complete record of all the minutes, acts and proceedings of the Board of Directors and the Members.

Section 4. Appointment and Removal of Independent Contractors. Except as provided by contract, the Board of Directors may appoint and remove any independent contractor rendering services to the Corporation for any reason, except as otherwise prescribed by contract or law, and may require from them security or a fidelity bond for faithful performance of their duties to the extent deemed reasonably necessary by the Board of Directors.

ARTICLE IX. RIGHTS AND LIABILITIES OF MEMBERS

Section 1. Property Interest of Members. In the event of dissolution in accordance with Chapter 82 of the Nevada Revised Statutes, the distribution shall occur as follows:

- 1) All debts, liabilities, costs, expenses and allowances of the Corporation shall be paid first;
- 2) Assets held by the Corporation on the condition that upon dissolution be returned, transferred, or conveyed, must be returned, transferred, or conveyed as required;
- 3) The reserve fund balance, if any, shall be distributed equally per connection to all Members; and

- 4) The remaining property and assets, if any, of the Corporation shall be distributed in a manner determined by a majority vote of the Members which is consistent with applicable laws.

Section 2. Liability of Members. The private property of the Members shall be exempt from execution or other liability or debts of the Corporation and no Member shall be liable or responsible for any debts or liabilities of the Corporation.

Section 3. Sale of Assets. Any sale, lease, or exchange of property or assets of the Corporation which is of a substantial character requires the approval of the Members and Board of Directors. A majority of the quorum of Members must vote in favor of the sale, lease, or exchange for the sale, lease, or exchange to be effective.

ARTICLE X. OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of the Corporation shall be a President and Vice President, who shall at all times be Directors and Members, and a Secretary-Treasurer, and such other officers as the Board of Directors may from time to time appoint as provided in Section 3 below, but who need not be Directors or Members, of the Corporation.

Section 2. Term. The officers of the Corporation, except such officers as may be appointed in accordance with Sections 3 or 5 of this Article, shall be chosen annually by the Board of Directors and shall hold office for one (1) year unless he/she shall sooner resign, be removed, or otherwise disqualified or unable to serve.

Section 3. Special Appointments. The Board of Directors may appoint such other officers as the affairs of the Corporation may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board of Directors may from time to time determine. Any such officer shall at all times be under the supervision of the Board of Directors.

Section 4. Resignation and Removal. Any officer may be removed as provided in Section 4 of Article VIII. Any officer may resign at any time by giving written notice to the Board of Directors, the President or Secretary. Such resignation shall take effect on the date of

receipt of such notice or any later time specified therein. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 5. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or other cause will be filled by the Board of Directors. The appointee to such vacated office shall serve the remainder of the term of the office he/she replaces.

Section 6. Multiple Offices. The offices of Secretary or Assistant Secretary and Treasurer may be held by the same person. No person shall be appointed to more than one of any of the other offices except in the case of special offices created pursuant to Section 3 of this Article.

Section 7. Duties.

1) The President shall:

- a) Preside over all meetings of the Members and of the Board of Directors;
- b) Sign all deeds, contracts and other instruments in writing which have been approved by the Board of Directors, unless the Board of Directors, by duly-adopted resolution, has authorized the signature of another officer; and
- c) Have, subject to the control of the Board of Directors, general supervision, direction and control of the affairs of the Corporation and discharge such other duties as may be prescribed to him by the Board of Directors or these Bylaws.

2) The Vice-President shall:

- a) Act in the place and instead of the President in the event of his absence, inability or refusal to act; and
- b) Exercise and discharge such other duties as may be prescribed by the Board of Directors or these Bylaws.

3) The Secretary shall:

- a) Keep a record of all meetings and proceedings of the Board of Directors and the Members;

- b) Serve such notices of meetings of the Board of Directors and the Members required either by law or by these Bylaws;
 - c) Keep records showing the current Members of the Corporation together with their addresses;
 - d) Keep a certified copy of the Articles of Incorporation, Bylaws certified by an officer, and the Members ledger at its registered office;
 - e) Keep a legible copy of the Bylaws in the Book of Bylaws at the principal office, including any amendments, new Bylaws or repealed Bylaws; and
 - f) Sign as Secretary all deeds, contracts and other instruments in writing which have been first approved by the Board of Directors if said instruments require a second signature unless the Board of Directors has authorized another officer to sign in the place and stead of the Secretary by duly adopted resolution.
- 4) The Treasurer shall:
- a) Receive and deposit all the funds of the Corporation in such bank or banks as the Board of Directors may, from time to time, direct;
 - b) Maintain the books and records to account for such funds and other corporate assets; and
 - c) Disburse and withdraw said funds as the Board of Directors may from time to time direct and in accordance with prescribed procedures; and
 - d) Perform such other duties as may be prescribed by the Board of Directors or these Bylaws.

Section 8. Subordinate Officers. The Board of Directors may appoint subordinate officers as the business of the Corporation shall require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board of Directors may direct including the right to act in the place and stead of above officers, other than President.

**ARTICLE XI.
OFFICER AND DIRECTOR LIABILITY**

No action may be brought against an Officer or Director based on any act or omission from failure to exercise due care regarding the management or operation of the Corporation unless the act or omission involves intentional misconduct, fraud or knowing violation of the law.

ARTICLE XII. JURISDICTIONAL OVERVIEW

Section 1. State Jurisdiction. The Corporation is authorized by the Public Service Commission of Nevada (PSCN) to provide water services to its Members pursuant to its Certificate of Public Convenience and Necessity (Certificate) identified as CPC 855, Sub 3 in the Service Area identified in Exhibit "A" hereto, as the same may be amended by appropriate proceedings before the PSCN. As a non-profit corporation serving only its Members, the Corporation may determine the manner in which, and the rates for, the water services it provides to its Members without the need for PSCN review or approval. PSCN only has jurisdiction over the Corporation as to the following:

- 1) The Corporation may only provide water services to its Members.
- 2) The Corporation must keep accounts as required by PSCN regulations, and file an annual report.
- 3) The Corporation may not provide water Services in an Area in competition with another public utility.
- 4) The Corporation may not discontinue, modify, or restrict its service area without prior approval from the PSCN.
- 5) The Corporation may not transfer its Certificate without prior PSCN approval.
- 6) The Corporation may not construct any water storage, transmission, or treatment facility without obtaining a Utility Environmental Protection Act (UEPA) Permit from the PSCN if so required by applicable law.

Section 2. Annual Report. The Corporation shall prepare and furnish an annual report to the PSCN on the forms provided by the PSCN. The annual report must be prepared for each calendar year and submitted no later than May 15 of the following year for which the

annual report is submitted. Every annual report filed with the PSCN must be submitted under oath by an officer, agent or person responsible for submitting the annual report.

Section 3. Utility Environmental Protection Act. Pursuant to the provisions of the Utility Environmental Protection Act (UEPA) codified as NRS 704.820-704.900, the Corporation may not construct any water storage, transmission or treatment facility without obtaining prior approval from the PSCN in the form of a UEPA permit. The application requirements and procedures are set forth in the applicable statutes and regulations. A UEPA Permit is not needed for changes for temporary use of sites or routes for non-utility purposes, or uses in securing geological data, including necessary borings to ascertain foundation conditions. In addition to acquiring the UEPA permit, the Corporation may also be required to obtain approval from the Tahoe Regional Planning Agency (TRPA) and other local governmental entities where construction is to take place.

Section 4. Other Jurisdictional Requirements. The Corporation may be required to obtain approval and permit(s) from Tahoe Regional Planning Agency (TRPA) to perform any grading or construction. The Corporation is subject to and is required to comply with any regulatory or other legal requirements applicable to the Corporation imposed by any governmental agency, local, state or federal.

ARTICLE XIII. TERMS AND CONDITIONS OF WATER SERVICE

Section 1. Compliance With Bylaws. The Corporation shall provide water services to its Members in accordance with all of the terms and conditions set forth in these Bylaws, which may be amended from time to time in accordance with Article XVIII. The Bylaws are not only the rules and guidelines for the operation of the Corporation, but they also constitute a binding contract between the Corporation and the Members and between the Members themselves. When duly enacted or amended, the Bylaws are binding on all the Members of the Corporation. Failure of any Member to comply with any Bylaw shall provide the Company with all the remedies set forth in these Bylaws.

Section 2. Service Area. The Corporation may only provide water services to its Members within the Service Area approved by the PSCN. The description of the Service Area is attached as Exhibit "A". The Service Area may be expanded or modified provided the Board of Directors determines such expansion is beneficial to the Corporation and the Members, provided application is made to and approved by PSCN.

Section 3. Application for Water Service. An application shall be required to establish water service or for an existing Member to apply to change the scope of existing water service. The applicant acknowledges that water is a precious commodity and domestic uses and fire protection are the primary uses for water supplied by GWC. Attractive native vegetation and water-conserving landscapes are preferred. GWC has the responsibility to provide water for domestic uses for all residents first and may deny applications for extensive non-native landscaping. The application shall be made in writing on forms provided by the Corporation. The application shall require the following:

- 1) Name of property owner;
- 2) Address of property to be served;
- 3) Description of the property; (residential, commercial, number of structures);
- 4) For residential or commercial applications, designation of the number of toilets, showers, bathtubs, spas and/or pools, indicating the water capacity of any spa or pool;
- 5) A detailed drawing or description of any landscape irrigation system, including water line sizes and capacities;
 - a) Lawn irrigation
 - i. General layout
 - ii. Square feet of lawn
 - iii. Sprinkler type and quantity
 - iv. Discharge per unit type
 - v. Calculation of total discharge per week based on 1/2 hour times 3 irrigation cycles per week (1.5 hours of run time per unit)
 - b) Other landscaping/irrigation areas

- vi. General layout
- vii. Drip/Sprinkler type and quantity
- viii. Discharge per unit type
- ix. Calculation of total discharge per week based on 1/2 hour times 3 irrigation cycles per week (1.5 hours of run time per unit)

6) Acknowledgement by applicant that once the applicant becomes a Member, the Bylaws constitute the terms of the contract between a member and the Company, applicant agrees to be bound by all of the terms and conditions of the Bylaws; and

7) Any other information requested by the Corporation. The failure or refusal of any applicant to provide complete and accurate information will result in denial. Applicant shall be advised in writing of the approval or denial, and in case of denial, the reasons therefore. In event of denial, applicant will be provided the opportunity to cure the deficiencies as often as necessary until the application has been approved by the Corporation. Upon approval of the application for new water service and connection to the water distribution system, the applicant shall become a Member of the Corporation and is entitled to all the rights and privileges provided in the Bylaws.

Section 4. Service Connection Fees. Upon approval of an application to establish new service or to modify an existing service, the applicant or Member shall pay any and all service connection fees and any and all other fees or deposits as may be required. The Board shall fix the amount of the connection fee as it may be amended from time to time. No connection shall be made nor water service shall be provided until such fees and deposits have been paid to the Corporation, and in the event of an existing Member modifying water service, such Member's voting rights shall be suspended until such fees or deposits have been paid.

Section 5. Services Defined.

1) Single Residential Service: For a single structure used as a single dwelling, defined as including at least one kitchen and bath, served by a single service line, one residential annual flat rate charge or metered rate shall be paid, whichever is applicable.

2) Multiple Residential Service:

a) Separate Structures: Where two or more structures occupy the same parcel, and each structure may be used as a dwelling, the residential annual charge or metered rate shall be paid, whichever is applicable, for each structure whether such structures are supplied by a single service line or separate service lines, except as provided in Section 'c' below.

b) Same Structure: Where a single structure contains more than one dwelling, one residential annual charge or metered rate shall be paid, whichever is applicable, for each dwelling, whether such structure is supplied by a single service line or separate service lines.

c) Single Ownership: In the event separate residential structures or dwellings are owned by a single owner (immediate family ownership structure), then such owner shall pay the flat rate residential charge or metered rate for one structure and one half (1/2) of the flat rate residential charge for each additional structure or dwelling.

3) Single Commercial Service: For a single structure, occupied for commercial purposes and served by a single service line, one commercial annual flat rate charge or metered rate shall be paid, whichever is applicable.

4) Multiple Commercial Service:

a) Separate Structures: Where two or more structures occupy the same parcel and each structure is used as a commercial building, the commercial annual flat rate charge or metered rate shall be paid for each structure whether such structures are served by a single service line or separate service lines.

b) Same Structure: Where a single structure used for commercial purposes contains more than one occupant, the commercial annual flat rate charge or metered rate shall be paid for each occupancy, whichever is applicable, whether such structure is served by a single service line or separate service lines.

5) Exceptions to Service Structure: Exceptions to the above service structure may be approved by vote of the Board of Directors.

6) Severance of Services: If two or more structures are served by a single service line, or if any single structure has more than one occupant or dwelling that is served by a single service line, any owner may make application to the Corporation to establish separate service.

To establish separate service, such owner shall pay any and all connection fees and charges determined by the Corporation and modify the existing structure and water lines so that a separate meter and stop and waste cock valve or shut off valve, may be placed on the supply line of each Member. The annual flat rate charge or metered rate, whether residential or commercial, shall then be paid for each service line.

Section 6. Connections and Maintenance. Except in the locations marked “point of service” on the drawings included in Exhibit "B", the Corporation shall maintain at its own cost all necessary pipes, fittings, valves, fixtures, and other materials necessary for delivery of water to the Member's service line at the first valve (or valve/meter if a meter is installed) the location of which is proposed by the member and approved by the Corporation. The size and type of any pipes, types of fittings, valves, fixtures, equipment and other materials shall be determined by the Corporation. Any pipes, fittings, valves, fixtures, equipment and other materials maintained by the Corporation shall remain the property of the Corporation under its control, and accessible to the Corporation at all times.

The valve box and/or meter box as well as the service line from the valve or meter shall be provided and maintained by the Member at the Member's own expense. The materials to be used and the manner of connection, will require approval of the Corporation. A Member may also be required to provide any additional mains and/or laterals for any new service at the Member's expense and such improvements will become the property of the Corporation, and the Member shall grant the Corporation the necessary easements to maintain the improvements at no cost to the Corporation.

Section 7. Change in Ownership or Service. In the event of change in ownership of the property of a Member receiving water service from the Corporation, prior to the effective date of the ownership change, the Member, or his representative, shall notify the Corporation of the change in ownership and supply the Corporation with any information it requests.

Section 8. Terms of Payment. All fees and charges for water services, as the Board shall fix from time to time, shall be paid as follows:

1) All annual flat rate or metered charges for resident or commercial water use are due and payable in advance from each Member for each connection on the Member's parcel on or before March 1 of each year.

2) Any other rates, fees or charges assessed, including any special assessments by the Board of Directors, or Members, shall be due and payable thirty (30) days after the date of the Corporation's statement for such rates, fees or assessments.

Section 9. Special Assessments. Upon the vote of the majority of the Board of Directors, a special assessment shall be imposed in an amount sufficient for any purpose reasonably related to compliance with all applicable standards and laws governing the water service provided by the Corporation and/or for improvement, repair, replacement, operation, expansion and/or modification of the water distribution facilities and/or equipment of the Corporation. The Board shall give thirty (30) days written notice to the Members by email of the special or annual meeting of the Board of Directors at which the Board's decision to impose a special assessment and of the amount to be imposed and collected as provided by these Bylaws, will be decided. Unless expressly provided otherwise at the time of the approval of the special assessment, the assessment shall be assessed according to the number and type(s) of connections supplied to each Member.

Section 10. Delinquent Accounts. Any rate, fee, charge, deposit, obligation, or special assessment of any kind not paid in full by a Member within thirty (30) days from the due date shall be delinquent and shall accrue interest at an annual rate determined by the Board of Directors, but not less than 10%, from the time payment was due. Interest shall continue to accrue until payment is made, with or without judgment. If any account becomes delinquent, the Corporation may take collection action, including recording a lien against the Member's property and legal action to foreclose on the property owned by the Member to recover the delinquent amount, the accrued interest and all costs incurred by the Corporation, including attorney fees incurred in connection with collection, whether or not litigation is initiated.

In addition to any collection action taken by the Corporation, the Corporation may in its sole discretion also discontinue water service to the Member if any delinquent amount has not been paid within thirty (30) days after notice to the Member of the delinquency and the

Corporation gives at least fifteen (15) days notice to the Member of its intent to disconnect service, and the Member has been provided an opportunity to be heard at least five (5) days before termination is effective.

Section 11. Liens/Judicial Foreclosure. Each Member acknowledges and agrees by virtue of becoming or being a Member, that any rate, fee, charge, deposit, obligation, or special assessment, of any kind required to be paid to the Corporation, as provided in these Bylaws, shall be secured by a lien on the real property to which the water service is provided in favor of the Corporation from the time any rate, fee, charge, deposit, obligation, or special assessment is due, and in addition to any other remedies, the Corporation may foreclose on the lien in the event of non-payment after the thirty (30) day period provided in Section 10 of this Article.

Section 12. Discontinuance of Water Service. Water service of any Member may be discontinued for any of the following reasons:

- 1) Any violation or non-compliance of any Bylaw, including without limitation failure to timely pay water service charges and any costs of collection thereof and engaging in or permitting water waste as defined in Section 13, below.
- 2) Any misrepresentation in the application as to the property or the scope of use of water.
- 3) Use of water on any other property or for purpose other than described in the application.
- 4) Adding to the property or changing the use of the water without notice to and application and approval of the Corporation.
- 5) Tampering with any service pipe, meter, curb stop cock or any other appliance of the Corporation which distributes, controls or regulates the water.
- 6) The property to which water is provided is vacant as determined by the Board of Directors.
- 7) Upon written request of any Member for the time period stated in the request.

In the event water is discontinued pursuant to this Section, the Corporation shall not be liable to any Member for any damages, inconvenience or any other claim of any kind.

Section 13. Water Rights Compliance and Drought Response Standards. The specific provisions of water rights compliance and drought response standards are attached as exhibit "C" and are necessary and proper to conserve water resources and minimize cost to the Coop and expense to its Members. The Board has the ability to change and amend these standards from time to time. Any request for exemption from these requirements must be submitted in writing and approved by vote of the Board.

Section 14. Reinstatement of Service. If water service has been discontinued for any reason, the Corporation will reinstate water services upon satisfaction of the following conditions:

- 1) In the event of discontinuance for non-payment, payment of all past due fees and charges, including any interest accrued, and costs of collection which includes attorney fees, if any;
- 2) Payment of any amount determined by the Board of Directors as a service reconnection charge, as the same may be changed from time to time, together with the actual costs to the Corporation of the reconnection;
- 3) Correction of any violation of these Bylaws which caused discontinuance.
- 4) In order to reinstate residential, commercial or irrigation service, the service reconnection charge set by the Board, plus the actual cost incurred by the Corporation in disconnecting and reconnecting the service, shall be paid as provided in Exhibit "D" and may be changed from time to time.

Section 15. Inspections. All of the water distribution facilities, which includes any pipes, fittings, valves, and any equipment, fixtures, or other materials owned by the Corporation located on the Member's property and any equipment, fixtures, or other materials installed and/or provided by the Member located on the Member's property, shall at reasonable hours be subject to the inspection of the Corporation or any of its agents or employees, and shall be accessible by the Corporation at all times in the event of a leak, break, any other emergency, or the need for repairs.

Section 16. Damages. The Corporation shall not be responsible for maintaining, or cleaning or removing sand, silt or any other particulate from, any service line or fixture owned

by the Member, nor for any damages, including without limitation personal injury or property damage, caused by the failure of any Member to maintain any service line or fixture nor for any defects in any service line or fixture located on the Member's property. Member shall pay for all damages to any pipes, service lines, mains, laterals, or any portion of the water distribution facility or equipment owned by the Corporation caused by such Member, including the Member's agent, employee, and any person or entity working for, or under the direction or control of, such Member.

Section 17. Leaks. Any leak in any pipe or fixture owned and maintained by a Member shall be immediately repaired at the Member's cost. Water service may be discontinued until such repair is made. The Member shall notify the Corporation when the repairs have been completed so that the Corporation may inspect the repairs and reinstate water service provided the repairs are to the Corporation's satisfaction.

Section 18. Shutting Off Water Supply. No Member, or any agent or employee, of any Member or plumber, or any other person, shall turn the water on or off at the point of delivery from the Corporation's water distribution system to the Member's service line, or at any other point on the Members' service line, or elsewhere, without the prior advance written consent of the Corporation. No pipe, service line, main, lateral, or fixture will be considered out of service until it has been removed from service so that it cannot be used again as determined by the Corporation or sealed off by the Corporation.

Section 19. Stop and Waste Valve. A stop and waste cock, or shut off valve, will be placed in the service line of all Members, at the Member's cost, to be used to shut off water flow in the event of any leaks, repairs to be made, to prevent freezing of the pipe, or any other reason the Corporation deems necessary as provided in Section 20 below.

Section 20. Interruption of Water Service. In the event of a leak, break, or any other emergency caused by any reason, the need for repairs, or any other reason the Corporation deems necessary, the Corporation may temporarily shut off the water supply in order to make necessary repairs or modifications. The Corporation will use all reasonable efforts to notify the Member(s) of the temporary interruption of service. In the event water is shut off by the Corporation to any

Member, it shall not be liable to such Member(s) for any damages, inconvenience or any other claim of any kind.

Section 21. Water Supply Reserve. The Corporation may reserve the amount of water supply at all times in its reservoirs it deems necessary for fire, scarcity of supply, any other emergency, or any reason the Corporation deems necessary to reserve water supply. In order to reserve the supply, the Corporation may restrict or regulate the quantity of water used by the Members, including but not limited to, restricting or prohibiting use as provided in Section 13, above.

Section 22. Fire Hydrants and Service. No Member or any other person, shall take water from any fire hydrant for any purpose except for fire purposes or for use of the fire department in case of fire. Written exceptions must be submitted in writing and approved by Board vote. Although the Coop does not provide fire fighting or fire prevention, we maintain the lines to the existing hydrants.

Section 23. Furnishing of Water By Member. No Member shall under any circumstances furnish water to any other person or entity except in cases of emergency and only to the extent until such emergency has passed, and with the Corporation's approval, if possible.

Section 24. Rate Schedules. The Corporation reserves the right to convert residential or commercial service to or from a Flat Rate Service to a Metered Rate Service at any time for any reason.

1) Residential Service.

Residential Service is defined in Section 5, Article XIII of the Bylaws and shall also include landscape and watering not exceeding one third acre exclusive of the footprint of any dwelling.

Rate. To be set by the Board of Directors. Residential Service shall be paid at a Flat Rate or Metered Rate as provided in Exhibit "E" in the amount determined by the Board of Directors.

2) Commercial Service.

Commercial services is defined in Section 5, Article XIII of the Bylaws. No landscape watering or irrigation use shall be allowed with Commercial Service, unless otherwise determined by the Board of Directors.

Rate. To be set by the Board of Directors

Commercial Service shall be paid at a Flat Rate or Metered Rate as provided in these Bylaws in the amount determined by the Board of Directors.

3) Domestic Irrigation Service.

Domestic Irrigation Service is defined as irrigation of any area exceeding the one third acre exclusive of the footprint of any dwelling which contains pasture and/or cultivated open spaces and agriculture uses, but does not include lawns or residential landscaping.

The domestic irrigation rate shall be paid at a rate per thousand gallons delivered through a specified meter on the Member's property as determined by the Board of Directors.

4) Service Connection Charge. To be set by the Board of Directors

The Service Connection Charge must be paid to initiate residential, commercial or irrigation service.

a) Terms and Conditions

i. Service connection will not be made until the applicable connection charge is paid in full; and

ii. Any other condition for service connection has been satisfied.

Section 25. Rate Changes. The Board of Directors may change water rates for any purpose reasonably related to the repair, improvement, replacement, expansion, operation, (taxes and construction included) and/or modification of the water distribution facilities and/or equipment of the Corporation and/or for the development or preservation of a reserve fund for these purposes. Any such rate change will require a majority vote of the Directors. Any rate change shall also require a meeting, either annual or special of the Board of Directors. The Members shall be provided notice in accordance with these Bylaws of such meeting.

**ARTICLE XIV.
MISCELLANEOUS**

Section 1. Inspection of Books and Records. The Members' ledger, and all the books and financial records of the Corporation may be inspected by any Member or Director as provided in NRS 82.181 and NRS 82.186.

Section 2. Membership in other Organizations. The Corporation may upon the authorization of the Board of Directors, purchase stock in or become a member of any corporation or organization when the interest of the Corporation may be furthered.

ARTICLE XV. NON-PROFIT OPERATION

The Corporation is operated on a non-profit basis for the mutual benefit of its Members. No interest or dividends shall be paid or payable to any Member by the Corporation.

ARTICLE XVI. FINANCIAL TRANSACTIONS

Section 1. Contracts. Except as otherwise provided in these Bylaws, the Board of Directors may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name and on behalf of the Corporation, and such authority may be general or confined to a specific instance.

Section 2. Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, and all notes, bonds or other evidences or indebtedness issued in the name of the Corporation, shall be signed by such officer or officers, in such manner as shall from time to time be determined by the Board of Directors.

Section 3. Fiscal Year. The fiscal year of the Corporation shall be determined and set by resolution of the Board of Directors.

ARTICLE XVII. INDEMNIFICATION

Any Director Officer made a party to any action, suit or proceeding by reason of the fact he is or was a Director or Officer of the Corporation shall be indemnified by the Corporation

against expenses and counsel fees reasonably incurred in the amount and to the extent determined by the majority of the Directors not a party to such action, suit or proceeding.

**ARTICLE XVIII.
AMENDMENTS**

Pursuant to the Articles of Incorporation, as amended, the Board of Directors has the power to amend the Bylaws in all respects and as to all provisions of the Bylaws without the consent of the Members by a majority vote of the Directors at a special or annual meeting of the Board, of which 30 days' written notice has been given to the Members. Every amendment, addition and/or repeal of any of these Bylaws shall be stated in the Book of Bylaws with the date of the meeting enacting the same.

**ARTICLE XIX.
CONSTRUCTION OF BYLAWS**

These Bylaws shall be construed in accordance with Chapter 82 of the Nevada Revised Statutes.