

BY-LAWS OF SIERRITA MOUNTAIN WATER CO-OP

08 August 2021

ARTICLE 1

OFFICES

- Principal office: The Principal Office of the Corporation shall be located in the County of Pima, State of Arizona, at the home of the President in effect at the time.
- Mailing Address: Sierrita Mountain Water Co-op
10390 S. Sierrita Mountain Road, Box #026
Tucson, Arizona 85736

ARTICLE II

MEETINGS OF MEMBERS

- Members: From hence forth in these By-Laws, and for all purposes related to Sierrita Mountain Water Co-op a "Member" is defined as the Primary Deeded Property Owner. If a Member has more than one active (in service, currently being read) meter on their deeded property they shall be entitled to one vote per active meter.
- Annual Meetings: The annual meeting of the members shall be held at the Principal Office of the Corporation or at such other place as may be specified or fixed in the notice of such meetings for the election of Officers and for the transaction of such other business as may properly come before said meeting. Additional meetings will be held as designated by the Board Members.
- Notice of Annual Meetings: The Secretary shall mail or deliver a written or printed notice of each Annual meeting to each Member of record, entitled to vote, at least ten and not more than thirty days before the date of such a meeting. This notice will have the Agenda stating the issues to be brought forth for a vote.
- Special Meetings: Special meetings of the Members shall be held at the Principal Office of the Corporation or at such other place as shall be specified or fixed in a notice thereof. Such meetings of the Members may be called at any time by the President with or without Board approval on the written request of at least 25% of

the number of Members of the Corporation entitled to vote, which written request shall state the object of such meeting.

- Notice of Meetings: Written or printed notice stating the place, day and hour of the meeting, and in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten or more than thirty days before the date of the meeting, either personally or by mail by or at the direction of the President or the Secretary, to each Member of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Member at his address as it appears on the records of the Corporation with postage prepaid thereon.
- Quorum: At all Member meetings, 10% of the Members entitled to vote, either by being present at the meeting or by proxy, shall be necessary to constitute a quorum for the transaction of business.
 - In case a quorum is not met, the Members present may adjourn from this time to another time until a quorum is obtained, or adjourn and reschedule.
 - If two (2) consecutive voting meetings, whether by mail ballot or voting meetings fail to achieve a quorum, the quorum requirement for vote shall be suspended at the third meeting. The majority (50% +1) of Members present at the third meeting shall be considered a legitimate vote for that vote only.
- Mode of Voting: At all meetings of the Members the voting shall be taken by signature ballot only. The ballots may be used as proxies. Each ballot or proxy must have the Member's name in print as well as the Member's signature. Each ballot or proxy must remain in the Company files.
- Proxies: At all meetings of the Members, a member may vote by proxy executed in writing by the Member or by his duly authorized attorney. Such proxy shall be filed with the Secretary of the Corporation twenty-four (24) hours prior to the meeting.
- Voting of Members: There shall be one vote per Member. Each Member entitled to vote shall be entitled to one vote upon each matter submitted to vote at a meeting of the Members.
- Acceptance of new Members: By order of the Pima County Department of Environmental Quality (PDEQ), all new hookups to Sierrita Mountain Water Co-op must be inspected no less than forty-eight (48) hours prior to any construction or digging. PDEQ shall have the right:
 - To disapprove work performed by the contractor hired to perform said work that fails to comply with this order,

- To take enforcement action for any and all violations of this order, and
- To take action for any and all violations of local, state and federal environmental laws occurring after the entry of this order.
- Member’s cross-connections and storage systems: By order of the PDE, in accordance with A.A.C R18-4-115, all members with cross-connections and back-flow systems must be in compliance and must show proof of this compliance. All such systems must have back-flow prevention systems in place and Sierrita Mountain Water Co-op may require the periodic testing of these systems to ensure compliance.
- Compliance of By-Laws: In being a Member of the Sierrita Mountain Water Co-op, all Members agree to follow all provisions as listed in these By-Laws. Failure to comply could result in legal ramifications against all Members of this Co-op, wholly and as individuals, by the PDEQ and the state of Arizona. Any questions regarding this may be directed to:

P.C. Wagner, Compliance and Enforcement Section Supervisor
 Department of Environmental quality
 130 West Congress St.
 Tucson, Arizona, 85701
 520-740-3347

ARTICLE III

OFFICERS

- General Powers: The Board of Officers shall have the control and general management of the affairs and business of the Corporation. Such Officers shall in all cases act as a Board, regularly convened, by a majority, and they may adopt the management of the Corporation as they may deem proper, not inconsistent with these By-Laws and the Laws of the State of Arizona.
- Number of Officers: The affairs and business of this Corporation shall be managed by a Board of Officers consisting of at least three Members.
- Election: The officers of the Corporation shall be elected at the Annual meeting of the Members, except as hereinafter otherwise provided for the filling of vacancies. Each shall hold office for a term of two (2) years and until his successor shall have been duly chosen and shall have qualified, or until his death, or until he shall resign or shall have been removed in the manner hereinafter provided.
- Vacancies on the Board: Any vacancy on the Board of Officers occurring during the year through death, resignation, removal, or other causes, shall be filled for the unexpired terms or portion of the term by a majority vote of the Officers

present, provided they constitute a quorum of the number set forth in Section 2 herein, a majority of such remaining Officers may elect Officers to fill any vacancies then existing.

- Officer's Meetings: Meetings of the Board of Officers shall be held as needed each year. Other regular meetings of the Board of Officers shall from time to time by resolution be prescribed. No further notice of such annual or regular meetings of the Board of Officers need be given.
- Special Meetings: Special meetings of the Board of Officers may be called by or at the request of the President or any two Officers. The meetings will be held at the President's house or other designated location.
- Chairman: At all meetings of the Board of Officers, the President shall serve as Chairman, or in the absence of the President, the Officers present shall choose by majority vote an Officer to preside as Chairman.
- Quorum and Manner of Acting: A majority of the Officers of record shall constitute a quorum for the transaction of business at any meeting, and the act of a majority present shall be the act of the Board of Officers. In the absence of a quorum, the majority of the Officers present may adjourn any meeting from time to time until a quorum be had. Notice of any adjourned meeting need not be given. The Officers shall act only as a Board, and the individual Officers shall have no power as such.
- Appointment of Committees: All committees shall be appointed by the Board of Officers, except that the Board of Officers may vest in the President the authority to appoint particular committees.
- Removal of Officers: Any one or more of the Officers may be removed either with or without cause at any time by a vote of a majority (50%+1) of the Co-op Members at any special meeting called for that purpose.
- Voting: At all meetings of the Board of Officers, each Officer is to have one (1) vote.
- Compensation: The Board of Officers will have the option to receive free water to compensate for services rendered each month. Any meetings requiring payments to attend needs to have prior approval by a quorum of the Co-op Members.
- Presumption of Assent: An Officer of the Corporation who is present at a meeting of the Board of Officers at which action on any corporate matter is taken shall be conclusively presumed to have assented to this action taken unless his dissent shall be entered in the Minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof. Dissent of such action shall be entered immediately after the adjournment of the meeting or within 72 hours of the adjournment of said meeting and shall be filed with the Secretary of the Co-op.
- President: The President shall be the Chief Executive Officer of the Corporation and shall have general supervision of the Corporation and over the Officers,

subject, however, to the control of the Board of Officers. He may sign, with the Treasurer or the Secretary, or any other proper Officer of the Corporation thereunto authorized by the Board of Officers, in the name of the Corporation, deeds, mortgages, bonds, contracts or other instruments authorized by the Board of Officers, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Officers or by these By-Laws to some other Officer or Agent of the Corporation; and in general, shall perform all duties incident to the duties of the President, and such other duties as from time to time may be assigned to him by the Board of Officers.

- Vice President: In the event a Vice President shall be elected, he shall, in the absence or incapacity of the President, or as delegated by the Board of Officers, perform the duties of the President, or such other duties or functions as may be authorized by the Board of Officers from time to time.

- Treasurer:
 - The Treasurer shall have the care and custody of all the funds of the Corporation and deposit the same in the name of the Corporation in such bank or Trust Company as the Board of Officers may designate; he may sign or countersign all checks, drafts and orders for the payment of money and may pay out and dispose of same under the direction of the Board of Officers, and may sign or countersign all notes or other obligations of indebtedness of the Corporation; he may sign with the President, or Vice-President, certificates for Membership in the Corporation; he shall at all reasonable times exhibit the books and account to any Officer or Member of the Corporation under application at the office of the company during business hours; and he shall, in general perform all duties incident to the office of the Treasurer and such other duties as from time to time may be assigned to him by the President or by the Board of Officers. The Board of Officers may at the discretion require of each Officer authorized to distribute the funds of the Corporation a bond in such amount as it may deem adequate.
 - The financial books and records shall be audited once a year before each annual meeting. The audit is to be conducted by a committee of no less than three (3) Co-op Members who are not Officers. The result of the audit will be published to the Members at the next meeting.
 - Consumer Confidence Reports will be available by request after March 1 of each year.
 - Financial Reports will be given orally at each meeting. Copies of Financial Reports will be given by request only. Arrangements need to be made with

the Treasurer for a time to pick up the Reports.

- Requests for payment to the Treasurer shall be accompanied by itemized bills and receipts and shall be attached to a copy of the statement and will be held in the Company files.
- Secretary: The Secretary shall keep the minutes of the Board of Officers and also the Minutes of the meetings of the Co-op Members; shall attend to giving of serving of all notices of the Corporation; shall have charge of the Certificate book and keep a Membership book containing the names, alphabetically arranged of all persons who are Co-op Members; and shall, in general, perform all duties incident to the office of the Secretary and such other duties as from time to time may be assigned to him by the President or by the Board of Officers.

ARTICLE IV

INDEMNIFICATION OF OFFICERS

Except as hereinafter stated otherwise, the Corporation shall indemnify all of its Officers, past, present, and future, against any and all expenses incurred by them including, but not limited to, legal fees, judgments and penalties which may be incurred, rendered or levied in any legal action brought against any or all of them for or on account of any act or omission alleged to have been committed while acting within the scope of their duties as an Officer of this Corporation. Upon receipt of written notice by the President or Chairman of the Board of Officers from any Officer, past, present, or future indicating that such Officer or Director has incurred or may incur expenses in connection with any legal action brought or about to be brought against him or them for or on account of any such act or omission, the Board of Officers, at its next regular or special meeting, shall determine in good faith, and shall record as a part of the minutes of said meetings, its determination whether or not such act, or refusal to act of any such Officer was willful, grossly negligent, fraudulent or with criminal intent; and if the Board of Officers shall determine in good faith that such act was not willful; grossly negligent, fraudulent or with criminal intent, then the Corporation shall indemnify such Officer in the manner hereinabove set forth, and such indemnification shall be mandatory. No indemnification shall be available in the event the said Officer to whom indemnification would otherwise have been applicable shall have unreasonably refused to permit the Corporation, at its own expense and through counsel of its own choosing to defend him in said action.

ARTICLE V

MEMBERSHIPS

- The Sierrita Mountain Water Co-op is a Member of the Arizona Small Utilities Association.
- Memberships in this Corporation shall be extended to persons who reside within the boundaries of the Sierrita Mountain Water Co-op. This is strictly a residential Water Co-op and is not for the use of any business customers. Established business owners as of January 1, 1996 will be grandfathered in.
- Every unit, regardless if it is a rental or guest house, will have a separate meter. All meters must be located on the outside of property lines on easements to allow for unobstructed monthly meter readings.

- Meter boxes should be maintained two (2) to three (3) inches above ground level and must be kept free of sand/debris. Maintenance of meter boxes is the responsibility of the Owner Member. If the meter cannot be read due to any obstruction the Member may be charged a fee.
- If the Member's meter is not functioning properly the Member is responsible for the cost of its replacement.
- All bills are due and payable to Southwest Utility Management upon receipt. Any bill not paid in full by the next billing cycle is subject to shutoff. A fifteen (15) day written notice, which begins on the day the notice was mailed, will be issued prior to shutoff. An additional fee will be charged to reconnect the service. A late fee will be added to an account not paid by the next billing cycle. A returned check charge will be added to an account for a returned check. Late fee or returned check charge amount to be consistent with current practice, amount to be set or amended by the Board of Officers.
- Any Officer of Sierrita Mountain Water Co-op will reserve the right to enter any property if necessary to service or disconnect the water lines, or to read the meter.
- The current cost factor for the billings may be changed in order to accommodate the payment of any expenses incurred by Sierrita Mountain Water Co-op.
- A residential deposit will be charged. The current fee is \$100.00. Residential deposits will be refunded within thirty (30) days after:
 - Twelve (12) consecutive months of service without being delinquent in the payment of bills. The Co-op may reestablish the deposit if the customers become delinquent two or more times within a twelve (12) month period.
 - Upon discontinuance of service when the customer has paid all outstanding amounts due.
 - Rental deposits will be refunded upon moving from the property and there being no delinquent payments.
- A monthly service fee of \$30.00 will be paid by Members when their water is turned off for an extended period of thirty (30) days or more.
- A turn-on or turn-off fee of \$50.00 will be charged.

ARTICLE VI

INDEBTEDNESS

The highest amount of indebtedness of the Corporation shall be determined by the Board of Officers, but shall never be in excess of that authorized by the laws of the State of Arizona.

Contracts for work performed, estimated by the Board to cost over \$4000.00 will require:

A minimum of three (3) written bids for a contract to be let. Bids are to include: a written estimate of materials and labor, proof of license, insurance to cover specified work, costs of permit, environmental impact studies, and all other applicable costs. Bids are to be approved by the Board Members. All contracts are to be signed by fiduciary Board Members.

ARTICLE VII

FISCAL YEAR

The fiscal year of the Corporation shall end on the 31st day of December each year.

ARTICLE VIII

WAIVER OF NOTICE

Whenever any notice whatever is required to be given under the provisions of these By-Laws, or under the laws of the State of Arizona, or under provisions of the Articles of incorporation, a waiver in writing signed by the person or persons entitled to such notice, whether before or after the time and stated therein, shall be deemed equivalent to the giving of such notice.

These By-Laws may be altered, amended or repealed and new By-Laws be adopted at any meeting of the Members by a majority vote of the Members entitled to vote. These By-Laws may also be altered, amended or repealed, and new By-Laws may be adopted at a meeting of the Board of Officers of the Corporation by a majority vote of the Officers present at the meeting at which a quorum is present. When such amendment is made by the Officers, then such amendment shall be submitted at the next meeting of Members for approval or approval by mail. If such amendment shall not be approved, the amendment shall be void from the date the Members shall have refused to approve it and all acts therefore taken pursuant to such amendment or amendments shall be presumed to be void.

The foregoing By-Laws are approved and adopted on this _____ day, of _____, 2021

Signature _____

Gayle Eversult, President
Sierrita Mountain Water Co-op