

Sallal Water Association

PO Box 378, North Bend, WA 98045 888-3650

OFFICIAL NOTICE OF A SPECIAL MEETING OF THE MEMBERS, TUESDAY, JUNE 11, 2019

NOTICE IS HEREBY given that a special meeting of the membership of Sallal Water Association will be held on Tuesday, June 11, 2019, at 7:00 pm, at the Snoqualmie Casino Ballroom, located at 37500 SE North Bend Way, Snoqualmie, WA 98065. This notice is issued pursuant to a written petition submitted by more than 10% of the members pursuant to Article III, Section 2 of the Association's bylaws.

The petition requests a member vote to amend the Association's bylaws. A copy of the proposed amendment is enclosed with this notice along with statements for and against the proposal, a ballot, an envelope for members that wish to vote by mail, and a proxy for members that wish to assign their right to vote to another member. Please note that a member can hold not more than one proxy.

The following items of business will be presented at this meeting:

1. Call to order and count of members.
2. Proof of notice of meeting.
3. Member comments.
4. Board comments.
5. Member vote on the proposed amendment (see statement below).
6. Adjournment.

The Association may post additional informational materials relative to the meeting on its website (www.sallal.com).

Statement regarding effect of vote. The United States Department of Agriculture, pursuant to loan covenants to which the Association is subject, has the right to approve or disapprove amendments to the Association bylaws. Any vote to approve the proposal is contingent upon USDA approval.

Sallal Water Association Board of Trustees

SPECIAL MEETING OF THE MEMBERS

AWH 11/17/18

AMENDMENT TO THE BYLAWS OF SALLAL WATER ASSOCIATION, AWH 11/18

a consumer/member owned water co-operative

As allowed by Article IX of Sallal Water Association's bylaws, we the members of Sallal Water Association (hereafter referred to as "Sallal") vote to amend Sallal's bylaws in the following way: We are adding Article X.

Article X

Section 1]

Any action by Sallal's board of directors ("the board"), president, attorney, management and/or staff that meets **at least one** of the following criteria must be approved by a vote of a majority of members.

Criteria:

- a. Decision involves making an agreement to buy water from another *legal entity. (*See definition below.)
- b. Decision involves making an agreement to sell Sallal's water to another *legal entity that resells the water. (*See definition below)
- c. Decision involves making an agreement that obligates Sallal to supply mitigation water for another *legal entity's use. (*See definition below.)
- d. Decision involves any transfer of water or water rights to or from another *legal entity. (*See definition below.)
- e. Decision involves issuing any certificates of water availability beyond the capacity Sallal has under its water rights in existence at the time the certificates are issued.

* "Legal entity" means a partnership, association, joint venture, trust, governmental entity, public or private corporation, or any other similar entity.

Exceptions to Criteria Listed Above:

- a. Agreements already signed and in effect as of December 1, 2018 do not require voter approval to remain in effect as long as the terms remain unchanged. Specifically, Sallal's agreement to supply water to the community called Wilderness Rim shall remain in effect as long as the geographical boundaries of Wilderness Rim as of December 1, 2018 remain unchanged.
- b. Emergency exchanges of water according to terms already in effect as of December 1, 2018 are not required to be submitted to a vote of the members, as long as the emergency exchange does not continue for more than 30 days. If the

exchange continues for 31 days or longer it must be approved by a vote of the members using the process outlined in Article III, section 4 of the version of the bylaws current as of November 30, 2018.

Section 2]

Process for voting on a proposed action meeting the criteria above

- a. The Board shall call a Special Meeting of the Members, called a Contract Disclosure Meeting, for the Board to present to the members their reasons for wanting to enter into the agreement in question. Notice of this Special Meeting shall be available 30 days in advance of the meeting.
- b. Presentation by the Board must include:
 1. The full written text of the agreement.
 2. Highlights of key legal and/or technical requirements of the agreement.
 3. A cost/benefit analysis associated with accepting or rejecting the agreement.
 4. The concerns of any dissenting trustees.
- c. After completion of the Contract Disclosure Meeting the Board shall call a second Special Meeting of the Members referred to as the Contract Vote Meeting. The purpose of this meeting will be for the members to vote on the proposed agreement following the process outlined in Article III, section 4 of the version of the bylaws current as of November 30, 2018.
- d. All members must be notified by mail (or e-mail if member has so directed in writing) and on Sallal's website at least 30 days in advance of an impending matter to be voted on by the membership.

Section 3]

This amendment shall supersede paragraphs m, n, and o of Article V of the existing bylaws.

Section 4]

- a. This amendment shall supersede the last sentence in Article II, section 1, which reads, "...no person otherwise eligible shall be admitted to the corporation if the capacity of the corporation's water system is insufficient as determined by the corporation's Board of Trustees in its sole discretion." The discretion now resides only with the members and shall be voted on by the procedure outlined in Article III, section 4 of the version of the bylaws current as of November 30, 2018.