

**BYLAWS
OF
AG WATER BOARD OF WHATCOM COUNTY**

**ARTICLE 1
OFFICE**

The principal office of the AG Water Board of Whatcom County (the "Corporation") shall be located at its principal place of business or such other place as the Board of Directors ("Board") may designate. The Corporation may have such other offices, either within or without the State of Washington, as the Board may designate or as the business of the Corporation may require from time to time.

**ARTICLE 2
MEMBERSHIP, MEETINGS AND VOTING RIGHTS**

2.1 Members.

Members of the AG Water Board of Whatcom County consist of the following Watershed Improvement Districts as of the date hereof (hereinafter referred to individually as a "WID" and collectively as the "WIDs"):

1. Laurel Watershed Improvement District,
2. South Lynden Watershed Improvement District,
3. Sumas Watershed Improvement District,
4. Drayton Watershed Improvement District,
5. North Lynden Watershed Improvement District, and
6. Bertrand Watershed Improvement District.

The Corporation may include as additional Members any group that qualifies as a WID under RCW 87.03 and that is eligible to participate in interlocal agreements under RCW 39.34. Any time a new Member is added to the Corporation, or a Member withdraws from the Corporation, these Bylaws shall be amended to reallocate the weighed voting percentages held by each Member in accordance with Section 3.13 hereof and to change the number of Directors, along with any other matters set forth herein that will require amendment based on a change in Membership. Such additional Members may also include, in addition to other WID's, local governments or special purpose districts that have authority to address issues of mutual interest including water supply, water quality, and drainage. Additional Members may be included upon the affirmative vote of 80% or more of the existing Members consenting to the additional Member. Each Member's President shall hold the voting authority for the Member. As of the date hereof, the President for each Member is as follows, and the Members shall keep an updated list with the Corporation of who the current serving President for the Member is at all times:

Laurel Watershed Improvement District-*Mike Boxx*

South Lynden Watershed Improvement District-*Ed Blok*
Sumas Watershed Improvement District-*Brad Rader*
Drayton Watershed Improvement District-*Marty Maberry*
North Lynden Watershed Improvement District- *Larry Stap*
Bertrand Watershed Improvement District-*Vern Vande Garde*

2.2 Transferability.

Membership shall not be transferable and shall not pass by any form of succession. Any Member may withdraw from the Corporation at any time. New Members may be added to the Corporation only in accordance with Section 2.1 hereof.

2.3 Quorum.

The presence in person or by proxy of at least two thirds (2/3) of the Members in good standing shall constitute a quorum at any meeting of the Corporation. Persons voting by mail or by electronic transmission, or by proxy, shall be deemed present for all purposes of a quorum, count of votes, and percentages of total voting power.

2.4 Voting/Proxies.

At all meetings of the Members, each Member may vote in person, by mail, by electronic transmission, or by proxy. All proxies shall be in writing and filed with the Secretary. All proxies shall be valid only for the meeting for which the proxies are given (including any reconvened meeting in the event of an adjournment), unless provided otherwise in the proxy (but in no event for a period exceeding eleven (11) months from the date of execution). The designated representative of each Member shall hold the voting authority for the Member.

2.5 Membership Meetings.

Annual and special meetings of Members of the Corporation shall be held with the frequency, at the time and place and in accordance with the provision of these Bylaws, and as set from time to time by the directors.

2.6 Annual Meeting.

The annual meeting of the Corporation shall be held at such time and place as determined by the Board.

2.7 Special Meetings.

Special meetings of the Members of the Corporation may be called by the President or by a majority of the Board. A special meeting may also be called by the Board upon receipt of a written request therefore signed by Members representing not less than ten percent (10%) of the

voting Members of the Corporation. Only business within the purpose or purposes described in the meeting notice may be conducted at a special meeting.

ARTICLE 3 BOARD OF DIRECTORS

3.1 General Powers.

The affairs of the Corporation shall be managed by a Board of Directors, which shall be composed of one representative from each Member, chosen by the Member to be the Member's representative on the Board. In addition, each Member shall designate two (2) alternate Directors by a resolution of the Member to serve if the appointed Member resigns, dies or is removed or the Director role otherwise becomes vacant. The Members shall at the annual meeting, or at such other time during the year, notify the Corporation in writing of who the Member's Board of Director representative will be.

3.2 Number.

The Board shall be composed of not less than one (1) nor more than twelve (12) Directors, the specific number to be set by resolution of the Board. The current number of Directors is six (6).

3.3 Designation of Directors.

3.3.1 Initial Directors

The initial Directors named in the Articles of Incorporation shall serve until the first annual meeting of the Members.

3.3.2 Successor Directors.

Successor Directors shall be appointed by each Member each year at the annual meeting of the Members. Each Member has the right to appoint one (1) Director to the Corporation Board along with two (2) designated alternates to evidenced by written resolution of the Member. The Successor Director shall be chosen by the Member in accordance with the Member's governing documents and in accordance with the Member's operating procedures. The serving President of the Member, or the President's appointee if the President is unable to attend, will notify the Corporation of whom the Member has chosen to be its representative Director for the next year at the annual meeting.

3.4 Term of Office.

Unless a Director dies, resigns or is removed, he or she shall hold office until the next annual meeting of the Members or Board, as the case may be, or until his or her successor is elected by the Member, whichever is later.

3.5 Annual Meeting.

The annual meeting of the Board shall be held at such time and place as the President of the Board shall determine for the purposes of electing officers, appointing Directors and transacting such business as may properly come before the meeting.

3.6 Regular Meetings.

By resolution, the Board may specify the date, time and place for the holding of regular meetings without other notice than such resolution.

3.7 Special Meetings.

Special meetings of the Board or any committee designated by the Board may be called by or at the written request of the President of the Board or any one Director, or, in the case of any committee meeting, by the Chairman thereof. The person or persons authorized to call special meetings may fix any place within the state of Washington as the place for holding any special Board or committee meeting called by them.

3.8 Meetings by Telephone.

Members of the Board or any committee designated by the Board may participate in a meeting of such Board or committee by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

3.9 Place of Meetings.

All meetings shall be held at the principal office of the Corporation or at such other place within the State of Washington designated by the Board, by any persons entitled to call a meeting or by a waiver of notice signed by all Directors.

3.10 Notice of Special Meetings.

Notice of special Board or committee meetings shall be given to a Director in writing or by personal communication with the Director not less than three (3) days before the meeting. Notices in writing may be delivered or mailed to the Director at his or her address shown on the records of the corporation. Neither the business to be transacted at, nor the purpose of any special meeting need be specified in the notice of such meeting. If notice is delivered by mail,

the notice shall be deemed effective upon delivery, or attempted delivery, to the address on file for the Director. Email notifications shall be deemed effective upon confirmed receipt.

3.11 Waiver of Notice.

3.11.1 In Writing.

Whenever any notice is required to be given to any Director under the provisions of these Bylaws, the Articles of Incorporation or applicable Washington law, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the waiver of notice of such meeting.

3.11.2 By Attendance.

A Director's attendance at a meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

3.12 Quorum.

Two-thirds (2/3) of the number of Directors fixed by or in the manner provided in these Bylaws shall constitute a quorum for the transaction of business at any Board meeting. If a quorum is not present at a meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice. This quorum requirement in no way affects the voting requirements set forth in Section 3.13 for approving of any specific Board action. This quorum requirement simply sets the minimum needed to hold a Board of Director meeting.

3.13 Voting.

All Board actions must be approved by a two-thirds (2/3) vote of the Board, based on a weighted voting procedure as more particularly described herein. Each Board of Director will have the number of votes equal of the number of assessed acres within that Member's Watershed Improvement District, rounded to the nearest thousand, multiplied by .001. Based on the assessed acreage of each Watershed Improvement District as of the date hereof, the weighted voting procedure will be based on the following number of votes:

<u>WID</u>	<u>Acreage/Rounded to 1,000</u>	<u>% Share of Funding</u>	<u>Acres x .001 = # of Votes</u>
Bertrand	14,393	21.3%	14
North Lynden	5,931	8.8%	6
Drayton	7,385	10.9%	7
Laurel	8,307	12.3%	8
South Lynden	12,991	19.2%	13

Sumas	18,563	27.5%	19
	67,750 acres	100.0%	67

45 total votes needed for approval of Board action as of the date hereof. Any time a new Member is added to the Corporation or a Member withdraws from the Corporation, this weighted voting percentage structure shall be amended to account for the change in membership.

3.14 Presumption of Assent.

A Director of the Corporation present at a Board meeting at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his or her dissent or abstention is entered in the minutes of the meeting, or unless a Director files a written dissent or abstention to such action with the person acting as secretary of the meeting before the adjournment thereof or forwards such dissent or abstention by registered mail to the Secretary of the corporation immediately after the adjournment of the meeting. Such right to dissent or abstain shall not apply to a Director who voted in favor of such action.

3.15 Action by Board Without a Meeting.

Any action which could be taken at a meeting of the Board may be taken without a meeting if a written consent setting forth the action to be taken is signed by the requisite number of Directors. Such written consents may be signed in two or more counterparts, each of which shall be deemed an original and all of which, taken together shall constitute one and the same document. Any such written consent shall be inserted in the minute book as if it were the minutes of a Board meeting.

3.16 Resignation.

Any Director may resign at any time by delivering written notice to the President or Secretary at the registered office of the Corporation, or by giving oral or written notice at any meeting of the Directors. Any such resignation shall take effect at the time specified therein, or if the time is not specified, upon delivery thereof unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. In the event a Director resigns, the next alternate Director designated by the Member shall serve for the remaining term of the resigning Director.

3.17 Removal.

One or more Directors may be removed from office, with or without cause, by the Member who appointed the Director in the Member's sole discretion. In the event a Director is removed, the next alternate Director designated by the Member shall serve for the remaining term of the removed Director. Upon termination of any Member in the corporation, the Director appointed by the Member shall automatically be removed from the Board, with or without cause, and with or without notice.

3.18 Vacancies.

A vacancy in the position of a Director shall be filled by one of the alternate Directors designated by the Member. Upon termination of membership in the Corporation, the terminated Member's Director shall immediately be removed, and the vacancy shall not be filled. The weighted voting percentages held by each continuing Director will be reallocated on a pro rata basis based on acreage in accordance with Section 3.13 upon termination of a Member and permanent removal of a Director.

3.19 Board Committees.

3.19.1 Standing or Temporary Committees.

The Board, by resolution adopted by a majority of the Directors in office, may designate and appoint one or more standing or temporary committees, each of which shall consist of two (2) or more Directors. Such committees shall have and exercise the authority of the Directors in the management of the Corporation, subject to such limitations as may be prescribed by the Board and by applicable Washington law, except that no committee shall have the authority to (a) amend, alter or repeal these Bylaws; (b) elect, appoint or remove any member of any other committee or any Director or officer of the corporation; (c) amend the Articles of Incorporation; (d) adopt a plan of merger or consolidation with another Corporation; (e) authorize the sale, lease or exchange of all or substantially all of the property and assets of the Corporation not in the ordinary course of business; (f) authorize the voluntary dissolution of the Corporation or revoke proceedings therefor; (g) adopt a plan for the distribution of the assets of the Corporation; or (h) amend, alter or repeal any resolution of the Board which by its terms provides that it shall not be amended, altered or repealed by a committee. The designation and appointment of any such committee and the delegation thereto of authority shall not operate to relieve the Board or any individual Director of any responsibility imposed upon it, him or her by law.

3.19.2 Quorum and Manner of Acting.

A majority of the number of committee members and at least one (1) Director composing any committee shall constitute a quorum, and the act of a majority of the members of a committee present at a meeting at which a quorum is present shall be the act of the committee.

3.19.3 Resignation.

Any member of any committee may resign at any time by delivering written notice thereof to the President, the Secretary or the chairman of such committee, or the Director on the committee, or by giving oral or written notice at any meeting of such committee. Any such resignation shall take effect at the time specified therein, or if the time is not specified, upon delivery thereof and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

3.19.4 Removal of a Committee Member.

The Board, by resolution adopted by a majority of the Directors in office, may remove from office any member of any committee elected or appointed by it.

3.20 Compensation.

The amount of compensation paid to any Director shall not exceed that which is reasonable and necessary to carry out the exempt purposes of the corporation. The Board shall fix the compensation of the Directors.

ARTICLE 4 OFFICERS

4.1 Number and Qualification.

The officers of the Corporation shall be a President, one or more Vice Presidents, a Secretary and a Treasurer, each of whom shall be elected by the Board. Other officers and assistant officers may be elected or appointed by the Board, such officers and assistant officers to hold office for such period, have such authority and perform such duties as are provided in these Bylaws or as may be provided by resolution of the Board. Any officer may be assigned by the Board any additional title that the Board deems appropriate. Any two or more officers may be held by the same person, except the officers of President and Secretary. All officers who are not Directors shall be ex-officio members of the Board

4.2 Election and Term of Office.

The officers of the corporation shall be elected each year by the Board at the annual meeting of the Board. Unless an officer dies, resigns or is removed from office, he or she shall hold office until the next annual meeting of the Board or until his or her successor is elected.

4.3 Resignation.

Any officer may resign at any time by delivering written notice to the President, a Vice President, the Secretary or the Board, or by giving oral or written notice at any meeting of the Board. Any such resignation shall take effect at the time specified therein, or if the time is not specified, upon delivery thereof and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

4.4 Removal.

Any officer or agent elected or appointed by the Board may be removed from office by the affirmative vote of a least a majority of the Directors based on their weighed voting percentages as set forth in Section 3.13 whenever in its judgment the best interests of the Corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. The person shall remain as a Director even if removed

from officer or agency status, unless and until the Member appointing the Director decides to remove them from Directorship also and put in an alternate designated Director in their place. It is the Corporation's strong desire that each Member appoint one Director to represent the Member on the Board and the authority to remove and appoint Directors belongs with the individual Member who appoints or removes their individual Director and their alternate Directors.

4.5 Vacancies.

A vacancy in any office created by the death, resignation, removal, disqualification, creation of a new office or any other cause may be filled by the Board for the unexpired portion of the term or for a new term established by the Board.

4.6 President.

The President shall be the chief executive officer of the Corporation and, subject to the Board's control, shall supervise and control all the assets, business and affairs of the corporation. The President shall preside over meetings of the Members and the Board. The President may sign deeds, mortgages, bonds, contracts, or other instruments, except when the signing and execution thereof have been expressly delegated by the Board or by these Bylaws to some other officer or agent of the corporation or are required by law to be otherwise signed or executed by some other officer or in some other manner. In general, the President shall perform all the duties incident to the office of the President and such other duties as are assigned to him or her by the Board from time to time.

4.7 Vice Presidents.

In the event of the death of the President or his or her inability to act, the Vice President (or if there is more than one Vice President, the Vice President who was designated by the Board as the successor to the President), shall perform the duties of the President, except as may be limited by resolution of the Board, with all the powers of and subject to all the restrictions upon the President. Vice Presidents shall have, to the extent authorized by the President or the Board, the same powers as the President so sign deeds, mortgages, bonds, contracts or other instruments. Vice Presidents shall perform such other duties as may from time to time be assigned to them by the President or the Board.

4.8 Secretary.

The Secretary shall: (a) keep the minutes of meetings of the Members and the Board and minutes which may be maintained by committees of the Board; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records of the corporation; (d) keep records of the post office address and class, if applicable, of each Member and Director and of the name and post office address of each officer; (e) sign with the President, or other officer authorized by the President or the Board, deeds, mortgages, bonds, contracts or other instruments; and (f) in general perform all duties

incident to the office of Secretary and such other duties as from time to time may be assigned to him or her by the President or the Board. In the absence of the Secretary, an Assistant Secretary may perform the duties of the Secretary.

4.9 Treasurer.

If requested by the Board, the Treasurer shall give a bond for the faithful discharge of his or her duties in such amount and with such surety or sureties as the Board may determine. The Treasurer shall have the charge and custody of and be responsible for all funds and securities of the corporation; receive and give receipts for moneys due and payable to the corporation from any source whatsoever, and deposit all such moneys in the name of the corporation in banks, trust companies or other depositories selected in accordance with the provisions of these Bylaws; and in general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him or her by the President or the Board. In the absence of the Treasurer, an Assistant Treasurer may perform the duties of the Treasurer.

4.10 Compensation.

The compensation of the officers and agents shall be as fixed from time to time by the Board or by any person to whom the Board has delegated such authority.

ARTICLE 5 ADMINISTRATIVE AND FINANCIAL PROVISIONS

5.1 Funding Contribution and Budget.

Each Member shall provide an annual funding contribution to the Corporation based on a weighted funding calculation as set forth in Section 3.13. The calculation of each Member's funding share will be based on the same procedure used to calculate the Corporation's weighted voting procedure. The Board of Directors of the Corporation shall develop a proposed budget for the following year by September 15 of each year, and upon Board approval a copy of said budget shall be provided to all the Members.

5.2 Contracts.

The Board may authorize any officer or officers, or agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation. Such authority may be general or confined to specific instances.

5.3 Loans.

No loans shall be contracted on behalf of the Corporation and no evidences of any indebtedness shall be issued in its name unless authorized by a resolution of the Board. Such authority may be general or confined to specific instances.

5.4 Loans or Extensions of Credit to Officers and Directors.

No loans shall be made and no credit shall be extended by the Corporation to its officers or Directors.

5.5 Checks, Drafts, Etc.

All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation, shall be signed by such officer or officers, or agent or agents, of the Corporation and in such manner as is from time to time determined by resolution of the Board.

5.6 Deposits.

All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board may select.

5.7 Books and Records.

The Corporation shall keep at its principal or registered office copies of its current Articles of Incorporation and Bylaws; correct and adequate records of account and finances; minutes of the proceedings of its Members and Board, and any minutes which may be maintained by committees of the Board; records of the name and address and class, if applicable of each Member and Director, and of the name and post office address of each officer; and such other records as may be necessary or advisable. All books and records of the corporation shall be open at any reasonable time to inspection by any Member of three months standing or to a representative of more than five percent of the membership.

5.8 Accounting Year.

The accounting year of the corporation shall be the twelve months ending December 31.

5.9 Accounting Reports.

The Board shall make a report annually of its administration of the Corporation. The Board may, but need not, publish the same in an appropriate newspaper in the State of Washington or distribute copies to interested persons, to community service organizations and religious, educational, artistic, medical, welfare and other similar charitable organizations. The Board shall comply with the provisions of Section 6104(d) of the Code to the extent required.

5.10 Rules of Procedure.

The rules of procedure at meetings of the Board and committees of the Board shall be rules contained in Robert's Rule of Order on Parliamentary Procedure, Newly Revised, so far as

applicable and when not inconsistent with these Bylaws, the Articles of Incorporation or any resolution of the Board.

ARTICLE 6 AMENDMENTS

These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by the approval of no less than eighty percent (80%) of the votes of the Directors based on the weighed voting percentages provided for in Section 3.13. Upon termination of a Member in the corporation, these Bylaws may be altered, amended or repealed and new Bylaws may be adopted by the vote of a majority of the Directors based on the weighted voting percentages provided for in Section 3.13.

ARTICLE 7 RESOLUTION OF DISPUTES

7.1 Mediation.

Except as provided in Section 7.3, if any dispute arising out of or relating to this Agreement cannot be settled through direct discussions, then the Members and other parties involved agree to first endeavor for a period of thirty (30) days from written notice thereof to settle the dispute in an amicable manner by mediation before resorting to arbitration. The mediation shall take place in Whatcom County, Washington by JAMS, Seattle, WA, its successors or any other mediator mutually agreed to by the Parties. In the event that the mediation is not successful in resolving the dispute, the matter shall be submitted to binding arbitration as provided in Section 7.2. The Parties shall equally bear the cost of the mediator.

7.2 Arbitration.

Except as provided in Section 7.3, if mediation does not resolve the dispute, the Members shall submit the matter to binding arbitration as follows:

a. Notice of Arbitration. The party demanding arbitration shall serve upon the other party notice of intent to arbitrate within fifteen (15) days of the results of the mediation.

b. Washington Rules. Any arbitration required by this Agreement shall be conducted in accordance with the provisions of the Uniform Arbitration Act, RCW Chapter 7.04A. If the parties cannot agree on a single arbitrator, then the mediator shall designate the arbitrator who shall conduct the arbitration. However, in no event shall the mediator designate himself as the arbitrator. However, JAMS, or its successor, may be appointed as the arbitrator.

c. Applicable Law. The arbitrator shall apply the substantive law (and the law of remedies, if applicable) of the state of Washington, including the standard of proof that would be applicable in a court trial. Washington State Rules of Evidence shall apply.

d. Decision Final. The decision of the arbitrator on any such issue or dispute shall be final and binding upon the parties.

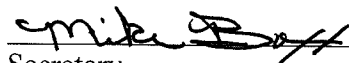
e. Fees and Costs. The arbitrator shall be empowered to award attorneys' fees and expenses to the prevailing party and the expenses of the arbitration shall be borne equally by the parties unless the arbitrator determines otherwise.

f. Any party may bring an action in any court of competent jurisdiction to compel arbitration under this Agreement and to enforce an arbitration award.

7.3 Exception.

Notwithstanding the above, the Members shall however be free to address the competent courts in any case of temporary relief like the filing of interlocutory injunctions, etc. or in criminal law proceedings.

The foregoing Bylaws were adopted by the Board of Directors on April 14, 2016.


Secretary