

Adopted: December 10, 2010
Amended: March 6, 2012
Amended: September 4, 2012
Amended: October 3, 2012
Amended: November 6, 2012
Amended: February 5, 2013
Amended: July 2, 2013
Amended: September 1, 2016

Amended: November 11, 2016
Amended: July 21, 2017
Amended: March 16, 2018
Amended: January 25, 2019
Amended: March 8, 2019
Amended: April 12, 2019
Amended: July 26, 2019
Amended: June 24, 2022

BYLAWS OF MOUNTAIN COUNTIES WATER RESOURCES ASSOCIATION

ARTICLE I NAME

The name of this nonprofit corporation shall be Mountain Counties Water Resources Association (hereinafter referred to as "Mountain Counties").

ARTICLE II PRINCIPAL OFFICE

The principal office for the transaction of the activities and affairs of Mountain Counties is located at P O Box 2479, Placerville, California 95667.

ARTICLE III PURPOSES

Mountain Counties is a nonprofit mutual benefit corporation, organized and existing solely for nonprofit purposes. It is organized under the Nonprofit Mutual Benefit Corporation Law of the State of California and is organized for the purposes set forth in Internal Revenue Code section 501(c)(6) or the corresponding provision of any future United States internal revenue law. Within the context of these general purposes, the primary purposes of Mountain Counties are: (i) to provide education and legislative advocacy to and on behalf of water agencies and counties in the Sierra Nevada foothills upstream of the Sacramento and Joaquin Valleys to protect and enhance the water resources of the mountain counties of the State of California now and in the future, and (ii) to do any and all lawful activities which may be necessary, useful or desirable for the furtherance, accomplishment, fostering or attainment of the foregoing purpose, either directly or indirectly, and either alone or in conjunction or cooperation with others, whether such others be persons or organizations of any kind or nature, such as corporations, firms, associations, trusts, institutions, foundations or governmental bureaus, departments or agencies.

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**ARTICLE IV
FISCAL YEAR**

The fiscal year of Mountain Counties shall begin on the first day of July and end on the last day of June each year.

**ARTICLE V
MEMBERSHIP AND DUES**

- A. Mountain Counties shall have four classes of members:
- (i) **Executive Member:** Any county, public district, or other public agency located in the State of California in the counties within the Board-designated Mountain Counties boundary who is involved in water development, acquisition, treatment, or storage may become an Executive Member of Mountain Counties upon written application, approval by the Mountain County Board of Directors ("Board"), and payment of the required membership dues. Acceptance to Executive Membership shall authorize full participation in activities of Mountain Counties. The chief executive (e.g., General Manager, Executive Officer) or their appointed representative shall represent their organization in the Executive Membership of Mountain Counties and shall be the voting representative from its public entity.
 - (ii) **Associate Member:** Any consulting organization, or corporation involved in treating, controlling, developing, acquiring, using or supplying water for any purpose (including protecting, drainage, or reclamation of lands, and/or producing power) for the inhabitants or lands within the State of California may become an Associate Member of Mountain Counties upon written application, approval by the Board, and payment of the required membership dues. Acceptance to Associate Membership shall authorize participation in activities of Mountain Counties but shall not confer any right to vote or hold office.

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Associate Member (Large): Organization of four or more individuals

Associate Member (Small): Organization of three or less individuals

- (iii) **Affiliate Member:** Any water purveyor outside the Board-designated Mountain Counties boundary that is involved indirectly with Mountain Counties and/or its executive members in achieving mutual regulatory, political and legislative goals for this region, its members and those affiliated with Mountain Counties.

Acceptance to Affiliate Membership shall authorize participation in activities of Mountain Counties but shall not confer any right to vote or hold office.

- (iv) **Honorary Life Member:** Any individual who has tendered conspicuous service in furthering the purposes of Mountain Counties may become an Honorary Life Member of Mountain Counties upon approval by the Board. Acceptance to Honorary Life Membership shall authorize participation in the activities of Mountain Counties but shall not confer any right to vote or hold office.

B. Termination of Membership. Membership shall terminate 60 days after written notice from Mountain Counties to any member that they have failed to pay the dues provided for in Subdivision C of this Article V, unless payment is received. Any member may terminate their membership at any time by sending written notification of its intent to withdraw to the Board. The Board may terminate the membership of any member upon sixty (60) calendar days' written notice by first class mail when it is determined by Board action that continuance of such membership would not be in the best interest of Mountain Counties. Withdrawal or termination of membership ends any participation in Mountain Counties activities and shall terminate a member's interest in the assets of Mountain Counties.

C. Dues. The annual dues of each member shall be established by the Board and shall be assessed against all members, except Honorary Life Members of Mountain Counties.

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D. **Liability of Members.** No member shall be liable for any obligation incurred by Mountain Counties, except the payment of annual dues while it shall remain a member.

E. **Nontransferability of Membership.** All memberships of Mountain Counties are nontransferable.

**ARTICLE VI
BOARD OF DIRECTORS**

A. **General Powers.** Subject to the provisions and limitations of any applicable law and these Bylaws, Mountain Counties' activities and affairs shall be managed, and all of its powers shall be exercised, by or under the direction of the Board.

B. **Specific Powers.** Without prejudice to the general powers set forth in Paragraph A of this Article VI, but subject to the same limitations, the Board shall have the power to:

- (i) appoint and remove, at the discretion of the Board, all corporate officers, agents and employees; prescribe the powers and duties for them as are consistent with the law and these Bylaws; and fix their compensation;
- (ii) change the principal office from one location to another;
- (iii) enter into binding agreements and procure goods and services on behalf of Mountain Counties, as deemed necessary or desirable by the Board; and
- (iv) borrow money and incur indebtedness on Mountain Counties' behalf and cause to be executed and delivered for Mountain Counties' purposes promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, and other evidences of debt and securities.

C. **Number of Directors.** The Board shall consist of nine (9) Directors from the Executive Membership unless changed by amendment to these Bylaws. The Board shall consist of six (6) elected water board members (in that capacity) and three (3) county supervisors (in that capacity). Directors shall represent the membership-at-large in a corporate-wide capacity, not a specific member, entity, or region of Mountain Counties.

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D. **Qualifications of Directors.** The qualifications for Directors include:

- (i) representative of an Executive Member as an elected official with service at the member organization in an elected capacity for a minimum of one (1) year; and
- (ii) dedication to the purposes of Mountain Counties stated in Article III of these Bylaws. The Board may also consider any other relevant qualifications.

E. **Quorum and Action.** A majority of the authorized number of Directors shall constitute a quorum for the transaction of any business except adjournment. Subject to more stringent requirements of law, every action taken or decision made by majority vote of the Directors present at a duly held meeting at which a quorum is present shall be an act of the Board. No proxy voting is allowed.

F. When there is a vacancy on the Board as defined in Article VI, J (i), the Executive Members shall elect a replacement Director in the manner described in Paragraph H of this Article VI. Provided, however, that any vacancy occurring in the final two years of a term may be filled by Board action.

G. **Term.** The term of each Director shall be four (4) years or completion of a term for a vacated position, or until a successor is elected and qualified.

H. **Nominations.** Nominations for election of each Director shall be made by the Governance Committee, generally immediately following the state's general election. If necessary, the Governance Committee shall wait until the Secretary of State certifies the general election results before soliciting candidates from the membership. The Governance Committee shall, through the Secretary, solicit for qualified, interested candidates by contacting its Executive Members' chief executives. Candidate solicitation will remain open for at least 21 calendar days. The Governance Committee will review the qualifications of the submitted candidates and choose nominees from those qualified under paragraph D of this Article VI.

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- I. **Election of Directors.** All Executive Members may vote on the election of Directors. A ballot with the name, title, and organization of each nominee will be issued and directed via email to the chief executive of each Executive Member organization.
 - (i) The chief executive or appointed representative of each Executive Member can vote on behalf of that Executive Member for Directors. Each Executive Member organization shall be entitled to cast one (1) ballot, and may not cast more than one vote for any one candidate for Director. Voting for Board members will remain open 30 calendar days or until all ballots have been cast, whichever comes first. No proxy voting is allowed.
 - (ii) If Mountain Counties has an uncontested election for new Board members, it will dispense with balloting and the candidates are thus considered elected by consent and acclamation.
- J. **Vacancies on the Board.** A vacancy or vacancies on the Board shall occur in the event of: (a) the death or resignation of any Director; (b) a Director's departure from the organization they represent on Mountain Counties' Board; (c) an increase in the authorized number of Directors; (d) a unanimous vote of all other Directors to remove a Director for misconduct or failure of to meet any required qualification for Director; or (e) the removal of a Director, with or without cause, by majority vote of the Executive Members.
 - (i) Except as provided below, any Director may resign by giving written notice to the President of the Board. The resignation shall be effective when the notice is given unless it specifies a later time for the resignation to become effective. If a Director's resignation is effective at a later time, the Executive Members may elect a successor to take office as of the date when the resignation becomes effective.

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- (ii) No reduction of the authorized number of Directors shall have the effect of removing a Director before their term of office expires.

K. **No Compensation.** No Director shall be compensated by Mountain Counties for their service on the Board.

**ARTICLE VII
OFFICERS**

A. **Officers.** The officers of Mountain Counties shall be: President, Vice President, Secretary, and Treasurer. Each such officer shall be a member of the Board. However, the Board may assign the Secretary's and/or Treasurer's duties to the Executive Director, who may delegate them to their designee. The President, Vice President, Secretary, and Treasurer shall be appointed by the Board upon election of Directors every two years and shall serve at the pleasure of the Board. Any two or more of the offices of President, Vice President, Secretary and Treasurer may be held by the same person, except that neither the Secretary nor the Treasurer may serve concurrently as President or Vice President. The Executive Director is the administrative official of Mountain Counties and shall be selected by and hold office at the pleasure of the Board, which shall also determine their compensation. Any Board officer may resign at any time by giving written notice to the Board. The resignation shall take effect on the date the notice is received or at any later time specified in the notice. A vacancy in any Board office because of death, resignation, removal, disqualification or any other cause shall be filled by Board action.

B. **Duties.**

- (i) **President.** The President shall preside at all meetings of the Board and membership of Mountain Counties; shall appoint all committees, including the chair thereof, who shall be ratified by majority vote of the Board; and shall have such other powers and duties as the Board may assign from time to time.

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- (ii) **Vice President.** The Vice President shall, in the event of the President's absence or inability to act, preside at any meeting of the Board or membership of Mountain Counties and shall have such other powers and duties as the Board or President may assign from time to time.

- (iii) **Secretary.** The Secretary shall attend all meetings of the Board and membership of Mountain Counties, shall ensure that minutes of all such meetings are kept and Board approved, and shall give all notices to the membership and Board provided for in these Bylaws. The Secretary shall have custody and shall be responsible for the safekeeping of all records of Mountain Counties. The Secretary shall have such other powers and duties as the Board or President may assign from time to time.

- (iv) **Treasurer.** The Treasurer shall supervise all dues collections and the accounts of the Corporation; shall ensure that full and accurate accounting records are maintained at all times; and shall present such reports, including an annual report of the Corporation's financial condition, as the Board of Directors may direct. The books of account shall be open for inspection by any member of the Board at all reasonable times. The Treasurer shall have such other powers and duties as the Board may assign from time to time.

C. **Executive Director.** The Executive Director shall serve as the general manager of Mountain Counties under the direction of the Board, which has ultimate authority over governance of the activities and affairs of Mountain Counties.

The Executive Director is responsible for conducting educational and advocacy activities designed to achieve the objectives stated in the Mission and Vision Statements and consistent with the purposes of the organization.

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Specifically, the Executive Director is responsible for the following:

- Coordination of regular Board of Director meetings; developing agendas, arranging for meeting location, providing background materials and recommendations and implementing subsequent policy direction.
- Planning and implementation of MCWRA-sponsored activities including comprehensive educational tours (local/regional/statewide), high-level issue symposiums, workshops, and member briefings.
- Interaction with a wide range of agency officials, legislators and partners necessary to further the mission of the organization and represent the interests of the members and the region in relevant decision-making processes.
- Communication with MCWRA members, the public, media and decision-makers on behalf of the organization.
- Ensuring the organization's compliance with all appropriate rules, processes and requirements, consistent with the organization's non-profit status.
- Coordination of the activities with other consultants to the organization, including those providing administrative, legal, advocacy and other services.

**ARTICLE VIII
BOARD MEETINGS AND VOTING**

A. Any meeting of the Board may be held by conference telephone or similar communication equipment, as long as all Directors participating in the meeting can hear one another. All such Directors shall be deemed to be present in person at such a meeting.

B. Each year, the Board shall hold a meeting for purposes of organization, election of officers and Directors, and transaction of other business. Other regular meetings of the Board may be held at such time and place as the Board may fix from time to time, but no less than semi-annually. All such meetings are subject to the notice requirements set forth in Paragraph D of this Article VIII of the Bylaws.

C. Special meetings of the Board may be called for any purpose at any time by the President or Vice President of the Board, Secretary, or any two

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Directors. Notice of special meetings is subject to requirements set forth in Paragraph D of this Article VIII of the Bylaws.

D. **Notice of Meetings.** Regular meetings of the Board may be held without notice if the time and place of the meetings are fixed by the Bylaws of the Board. Special meetings of the Board shall be held upon four (4) calendar days notice by first-class mail or forty-eight (48) hours notice delivered personally or by email, facsimile, or telephone. The notice shall state the time and place of the meeting. A notice, or waiver of notice, need not specify the purpose of any regular or special meeting of the Board. The Bylaws may not dispense with notice of a special meeting.

E. Notice of a meeting need not be given to any Director who, either before or after the meeting, signs a waiver of notice, a written consent to the holding of the meeting, an approval of the minutes of the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such Director. The waiver of notice or consent need not specify the purpose of the meeting. All such waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meetings. Notice of a meeting need not be given to any Director who attends the meeting and who, before or at the beginning of the meeting, does not protest the lack of notice to them.

F. A majority vote of the Directors if a quorum is present, or by unanimous consent if a quorum is not present, may adjourn any meeting to another time and place.

G. Notice of the time and place of holding an adjourned meeting need not be given unless the original meeting is adjourned for more than twenty-four (24) hours. If the original meeting is adjourned for more than 24 hours, notice of any adjournment to another time and place shall be given, before the time of the adjourned meeting, to the Directors who were not present at the time of the adjournment.

H. Any action that the Board is required or permitted to take may be taken without a meeting if all Board members consent in writing to the action. Such action by written consent shall have the same force and effect as any other validly approved action of the Board. All such consents shall be filed with the minutes of the proceedings of the Board.

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I. **Conduct of Meetings.** Meetings shall be facilitated by the President of the Board or, in their absence, the Vice President of the Board. If the President and Vice President are unable to attend, the meeting may be facilitated by another Director selected by the Board members present.

J. **Reimbursement.** Directors may receive reimbursement of expenses incurred in performance of their duties and activities on behalf of Mountain Counties as the Board may determine by resolution to be just and reasonable to Mountain Counties at the time that the resolution is adopted.

**ARTICLE IX
COMMITTEES**

A. **Executive Committees.** The Board, by resolution adopted by a unanimous vote of a quorum, may create one or more committees ("Executive Committees"), each consisting of two (2) or more Directors and no persons who are not Directors, to serve at the pleasure of the Board. Appointments to Executive Committees shall be by a unanimous vote of a quorum. The Board may appoint one or more Directors as alternate members of any such Executive Committee, who may replace any absent committee member at any meeting. Any such Executive Committee, to the extent provided in the Board resolution, shall report its findings and recommendations to the Board for its action. Executive Committees shall have all the authority of the Board with respect to matters within their area of assigned responsibility, except that no Executive Committee, regardless of Board resolution may:

- (i) Fill vacancies on any Executive Committee;
- (ii) Amend or repeal any resolution of the Board which by its express terms is not so amendable or repealable;
- (iii) Appoint any other Executive Committees or the members of those Executive Committees;
- (iv) Approve any transaction: (a) to which Mountain Counties is a party and one or more Directors have a material financial interest; or (b) between Mountain Counties and one or more of its Directors or between Mountain Counties or any person in which one or more of its Directors have a material financial interest; or
- (v) Take any other action that requires approval of the Executive Members of Mountain Counties.

B. **Advisory Committees.** Other committees, known as Advisory Committees, may be established by the Board of Directors. Advisory

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Committees are only advisory to the Board and shall not exercise any powers of the Board. Advisory Committees may be standing committees or ad hoc committees and may consist of any member in good standing. Advisory Committees shall include the following two standing committees:

1. Governance Committee, established for the purpose of recommending to the Board:

- Board size, director terms and term limits;
- standards for director qualifications;
- candidates for directors;
- number, structures and membership of committees;
- committee assignments and rotation of members;
- director orientation and continuing education;
- officer succession policies and candidates;
- changes to corporate organizational documents; and
- other governance policies and procedures.

2. Legislative Committee established to monitor development and represent the interests of Mountain Counties before the State Legislature and U.S. Congress and State and federal regulatory agencies within the guidelines of the Water Policy Principles adopted by the Board.

C. Meetings and actions of committees shall be governed by, noticed, held, and taken under the provisions of these Bylaws concerning meetings and other Board actions. Minutes of each meeting shall be kept and shall be filed with the corporate records. The Board may adopt rules for the governance of any committee so long as the rules are consistent with these Bylaws. If the Board has not adopted rules, the committee may do so consistent with these Bylaws.

**ARTICLE X
MEMBERSHIP MEETINGS AND VOTING**

A. **Annual and Regular Meetings.** The annual Executive Member meeting of Mountain Counties shall be held at such place and at such time as may be designated by the Board in the notice of the meeting. At this meeting, the Directors shall be elected and any other proper business may be transacted. Other regular meetings of the Executive Members may be held without notice at

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such time and place as the Board may fix from time to time or as agreed by written consent by all Executive Members entitled to vote at the meeting, given before or after the meeting.

B. **Notice of Meetings.** Notice of each meeting of the Executive Members shall be mailed, first class mail, or otherwise delivered to each Executive Member at the last recorded address at least ten (10) and not more than ninety (90) calendar days in advance of the meeting. The notice shall set forth the place, time, and purpose of the meeting and shall include the text of any proposed action. The transactions of any Executive Member meeting, however called or noticed and whenever held, shall be as valid as though taken at a meeting duly held after notice, if a) a quorum is present, and b) either before or after the meeting, each Executive Member signs a written waiver of notice, consent to the holding of the meeting, or an approval of the minutes of the meeting. All such waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. An Executive Member's attendance at a meeting shall also constitute a waiver of notice unless the Executive Member objects at the beginning of the meeting.

C. **Special Meetings.** Special meetings of the Executive Members may be called by a unanimous vote of the Board or the Executive Members. No business other than that specified in the notice of the meeting shall be transacted at any special meeting of the Executive Members.

D. **Quorum.** There must be present and/or on the telephone at least a majority of the voting power of the Executive Members to constitute a quorum for the transaction of business at any meeting of the Executive Members.

E. **Manner of Voting.** The chief executive or appointed representative of each Executive Member can vote on behalf of that Executive Member. Each Executive Member shall be entitled to cast one (1) vote on each matter submitted to a vote of the Executive Members, and, when voting for the election of Directors, each Executive Member entitled to vote may not cast more than one vote for any one candidate for Director. No proxy voting is allowed. Any action required or permitted by these Bylaws to be taken by the Executive Members may be taken by unanimous written consent or upon approval by a majority vote of a quorum of the Executive Members, except as otherwise provided in these Bylaws or as required by law. Bylaw changes that would materially and adversely affect Executive Members' rights, increase or decrease the total number of authorized members or class of members, exchange, reclassify, or cancel all or some memberships, or authorize a new class of

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membership must be approved by the Executive Members. If a proposed Bylaw change requires a vote of Executive Members, the Board shall first approve the proposed change by majority vote prior to submitting it to the Executive Members for a vote.

**ARTICLE XI
STANDARDS OF CONDUCT**

A. No Director of Mountain Counties nor any other corporation, firm, association, or other entity in which one or more of Mountain Counties' Directors have a material financial interest, shall be interested, directly or indirectly, in any contract or transaction, unless (a) the material facts regarding that party's status and direct or indirect financial interest in such contract or transaction are fully disclosed in good faith and noted in the minutes in conjunction with the Board's consideration of such contract or transaction; (b) such contract or transaction is authorized in good faith by a majority of the Board by a vote sufficient for that purpose without counting the votes of the interested Directors; (c) before authorizing or approving the transaction, the Board considers and in good faith decides after reasonable investigation that Mountain Counties could not obtain a more advantageous arrangement with reasonable effort under the circumstances; and (d) Mountain Counties for its own benefit enters into the transaction, which is fair and reasonable to Mountain Counties at the time the transaction is entered into.

B. Paragraph A of this Article XI of the Bylaws does not apply to a transaction that is part of a public or charitable program of Mountain Counties if it (a) is approved or authorized by Mountain Counties in good faith and without unjustified favoritism and (b) results in a benefit to one or more Directors or their families because they are in the class of persons intended to be benefited by the public or charitable program of Mountain Counties.

C. Mountain Counties shall not lend any money or property to or guarantee the obligation of any Director or officer; provided, however, that Mountain Counties may advance money to an officer of Mountain Counties for expenses reasonably anticipated to be incurred in the performance of their duties if that officer would be entitled to reimbursement for such expenses by Mountain Counties.

D. Mountain Counties shall indemnify and defend its Directors, officers, employees, and persons formerly occupying such positions against

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claims, actions or proceedings to the same extent provided by California Government Code sections 825 to 825.6 and 950 to 996.6.

E. Mountain Counties shall have the right to purchase and maintain insurance to the full extent permitted by law on behalf of its officers, Directors, employees, and other agents, to cover any liability asserted against or incurred by any officer, director, employee, or agent in such capacity arising from the officer's, Director's, employee's, or agent's status as such.

**ARTICLE XII
RECORDS, REPORTS AND RIGHTS OF INSPECTION**

A. Mountain Counties shall keep: (i) adequate and correct books and records of account; (ii) written minutes of the proceedings of its Board and committees; and (iii) a record of each Director's name, address, email address if available, and telephone number.

B. The Board shall cause an annual report to be sent to the Directors within 120 days after the end of Mountain Counties' fiscal year. That report shall contain the following information, in appropriate detail:

- (i) A balance sheet showing the principal changes in Mountain Counties' assets and liabilities, including trust funds, during the fiscal year as well as the assets and liabilities, including the trust funds, as of the end of the fiscal year;
- (ii) An income statement showing Mountain Counties' revenue or receipts, both unrestricted and restricted to particular purposes, for the fiscal year;
- (iii) A cash flow statement, which may be combined with the income statement, showing Mountain Counties' expenses or disbursements for both general and restricted purposes during the fiscal year;
- (iv) A statement of the place where the names and addresses of Mountain Counties' current members are located;
- (v) Any other information required by law; and
- (vi) An independent accountant's report or, if none, the certificate of an authorized officer of Mountain Counties that such statements were prepared without audit from Mountain Counties' books and records.

C. This requirement of an annual report shall not apply if Mountain Counties receives less than \$10,000 in gross revenues or receipts during the

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fiscal year; provided, however, that the information specified above for inclusion in an annual report must be furnished annually to all Directors.

D. As part of the annual report, or as a separate document if no annual report is issued, Mountain Counties shall, within 120 days after the end of Mountain Counties' fiscal year, annually prepare and furnish to each Director a statement of any transaction or indemnification of the following kind:

- (i) Any transaction: (a) in which Mountain Counties, or its subsidiary, was a party, (b) in which an "interested person" had a direct or indirect material financial interest, and (c) which involved more than \$50,000 or was one of several transactions with the same interested person involving, in the aggregate, more than \$50,000. For this purpose, an "interested person" is either:
 - (1) Any Director or officer of Mountain Counties or its subsidiary (but mere common directorship shall not be considered such an interest); or
 - (2) Any holder of more than 10 percent of the voting power of Mountain Counties or its subsidiary. The statement shall include a brief description of the transaction, the names of interested persons involved, their relationship to Mountain Counties, the nature of their interest in the transaction and, if practicable, the amount of that interest, provided that if the transaction was with a partnership in which the interested person is a partner, only the interest of the partnership need be stated.
- (ii) Any indemnifications or advances aggregating more than \$10,000 paid during the fiscal year to any officer or Director under these Bylaws.

E. **Right of Inspection.** Every member shall have the absolute right at any reasonable time to inspect Mountain Counties' books, records, documents of every kind, physical properties, and the records of each subsidiary. The right of inspection includes the right to copy and make extracts of documents.