

Bylaws of Bolton Valley Water and Community Development Company

Adopted as Amended and Restated on October 7, 2025

Article I: Name and Location

The name of the Company is Bolton Valley Water and Community Development Company, Inc. (the “Company”). The principal office shall be located at 26 Wentworth Road, Bolton Valley, VT 05477.

Article II: Purpose

The purpose of the Company is to enhance the quality of life and promote sustainable development within Bolton Valley by providing essential water services and engaging in community development projects and to do and perform all other acts permissible for nonprofit corporations that are incidental to, and reasonable and necessary to perform, the foregoing actions.

Article III: Membership

Section 1: Membership Definition

- Membership shall be limited to those persons or entities who have applied for and been accepted as Members in accordance with these Bylaws and applicable Vermont statutes.
- Existing ratepayers receiving service prior to October 7, 2025 may continue to receive service as non-member customers subject to such rates, terms, and conditions as may be established by the Corporation, but shall not, by virtue of receiving service, be deemed Members of the Corporation.
- After October 7, 2025, all new applicants for water or wastewater service must apply for membership and, upon acceptance, shall be admitted as Members of the Corporation as a condition of service.
- Each service location, whether a residential dwelling or commercial establishment, is recognized as a single membership entity. Therefore, the number of individuals within a household or involved in a commercial enterprise does not affect the singularity of the membership. Additionally, an individual or entity with multiple service locations under their name shall hold distinct membership rights and responsibilities for each billed location. The interests of each Member are transferable only as an appurtenance to the billed location owned by each Member.

Section 2: Admission of Members

Prospective Members shall provide the Company with necessary information, including but not limited to contact information, service address, and billing information, to facilitate their membership and service provision.

Section 3: Transfer and Termination of Membership

Members intending to sell their property and transfer their membership must notify the Company and provide information about the new ratepayers. Members wishing to discontinue service must coordinate with the Manager to ensure proper disconnection. The Company shall update membership records accordingly.

Section 4: Classes of Members

There shall be two classes of Members: Residential and Commercial.

- Residential Members are owners of residential units.
- Commercial Members are owners of businesses, organizations, or condominium associations paying water bills collectively for the association, where more than 50% of units are enrolled in a short-term rental program. Individual condominium owners paying separate bills are classified as Residential Members.

Section 5: Member Rights and Responsibilities

Members shall have the right to:

- Vote for their respective class representative on the Board of Directors.
- Be informed of, and participate in, decisions that affect the Company as outlined in these bylaws and applicable laws.

Members are responsible for:

- Timely payment of all water and wastewater rates, fees, and any applicable assessments.
- Complying with all tariffs, rules, and regulations as established by the Board.

Article IV: Meetings of Members

Section 1: Regular Meetings

An annual meeting of the Members shall be held each year at a time and place in Vermont determined by the Board of Directors. Special meetings of the Members may be held at a time and place in Vermont determined by the Board of Directors in compliance with the Vermont Nonprofit Corporation Act (Title 11B V.S.A.), as amended from time to time (the "Act").

Section 2: Special Meetings

Special meetings of the Members may be called as needed in response to the Company's requirements. These meetings can be initiated by a petition signed by at least 50% of the Members of either the Residential or Commercial class, or by a majority vote of the Board of Directors.

Section 3: Notice of Meetings

In accordance with the Act, notice of the date, time, and place of each meeting of the Members shall be given no fewer than ten (10) days (or if notice is mailed by other than first class or registered mail, then thirty (30) days) nor more than sixty (60) days before the meeting date. Notice of a meeting shall include a description of any matter that must be approved by the Members and any matter for which the meeting is called.

Section 4: Quorum and Voting

A quorum for the transaction of business at any meeting of the Members shall consist of a simple majority of the Members present or represented by proxy. Each Member is entitled to one vote on any matter submitted to a vote of the Members.

Article V: Board of Directors

Section 1: Composition and Qualifications

The Board shall consist of three Directors: a Manager, a Residential Representative, and a Commercial Representative.

- The Manager need not be a member but must possess qualifications to manage the Company.
- The Residential Representative shall be a Residential Member.
- The Commercial Representative shall be a senior manager, director, or corporate officer of a Commercial Member.

Any increase or decrease in the number of the Board of Directors shall require the unanimous vote of the Board of Directors. The Board shall have no fewer than three (3) members at any time.

Section 2: Election and Term of Office

The Representative Directors of the Company shall be elected through a process that ensures representation of both Residential and Commercial members.

- **Nomination Process:** Nominations for the position of Residential and Commercial Directors shall be open to members of each class respectively, who may submit their candidacy or nominate another representative. Nominees must confirm their willingness to serve if elected.
- **Selection of Nominees:** If there are three or fewer nominees for a Director position, all shall be placed on the ballot for election. If more than three nominations are received, the current Board shall select a slate of three candidates to present to the membership for voting, considering the best interests of the Company.
- **Interview and Recommendation:** The Board may conduct interviews with the nominees and has the discretion to make recommendations to the members based on these interviews.
- **Voting:** Elections shall be held by the method prescribed in the Bylaws, providing every member of the respective class the opportunity to vote for their representative.
- **Term:** Directors shall serve for terms of three (3) years, and may be re-elected without term limits.

The Manager shall be selected through a comprehensive process that involves both Residential and Commercial members.

- The term of the Manager is not fixed to a set number of years. Instead, the Manager shall serve indefinitely until such a time that they resign or are removed.
- The Manager's ongoing performance and tenure shall be subject to review by the Board, and removal can occur through either a unanimous decision of the other two Board members or by a two-thirds majority vote each of the membership classes, as outlined in Article V, Section 3.
- In the event of a vacancy or projected vacancy, the Company shall provide an opportunity for members to nominate candidates for the Manager position. The Board shall also have the authority to publicly post the position and seek applicants from outside the existing membership.
- Nomination for the Manager position can be made by any member of the Company or Board, including self-nomination.

- The Board of Directors will consider these nominations and has the authority to interview some or all candidates at their discretion. The board is responsible for and has the authority to make the final selection by unanimous consent.

Section 3: Removal

- Any Director may be removed by a unanimous vote of the other two Board members.
- A Residential or Commercial Representative may also be removed by a two-thirds majority vote of the membership class they represent.
- The removal of the Manager requires a two-thirds majority vote of each of membership classes.

Section 4: Duties of Directors

- Directors are responsible for governing the Company and making decisions in its best interest. Duties include strategic planning, financial oversight, ensuring compliance with laws and regulations, establishing and updating rates and fees for the water utility, maintaining and updating Rules and Regulations for the water utility, and upholding the mission of the Company.

Section 5: Meetings of the Board

- Frequency of Meetings: The Board shall convene for a regular annual meeting each year, and as often as deemed necessary, but no less than once per year.
- Meeting Notice: Each Board member must receive at least fourteen (14) days' advance notice of the annual meeting, which will include the date, time, location, and agenda.
- Annual Meeting Agenda: The agenda for the annual meeting shall include, but is not limited to, the presentation and approval of the annual budget, financial review, and a review of rates and fees.
- Special Meetings: Additional meetings may be called by the Manager or any two Board members, with appropriate notice given to all Board members.
- Emergency Meetings: In urgent circumstances, the notice period for Board meetings may be shortened as deemed appropriate by the Manager.
- Quorum: A quorum for Board meetings shall be a majority of the Board.

Section 6: Voting and Quorum

A majority of the Board constitutes a quorum for the transaction of business, and decisions shall be made by majority vote unless otherwise specified. If a Director is absent from a vote or recused from voting due to a conflict of interest, and the remaining two Directors reach an impasse, the Manager's vote shall be the deciding vote, ensuring the continuity of the Company's operations.

Section 7: Director Compensation

The Manager's compensation shall be updated annually as part of the budget process and requires unanimous approval from the Residential and Commercial Representatives. The Residential and Commercial Representatives may receive a stipend for in-person board meetings at \$1,000 per meeting, not to exceed \$2,000 per Director annually. Any changes to this compensation must be unanimously approved by the Board.

Article VI: Officers and Committees

Section 1: Roles of Officers

The officers of the Company shall include a Manager, who shall also serve as the Chair of the Board, a Treasurer, and a Secretary. These officers shall be elected from among the Board members, with the specific assignments as follows:

- **Manager/Chair of the Board:** Responsible for the overall operations of the Company and leading the Board in their governance duties.
- **Treasurer:** To be elected from the Board members, the Treasurer reviews financial statements, assists the Manager with the development of the budget, ensures proper financial controls, and oversees the management of the Company's funds.
- **Secretary:** To be elected from the Board members, the Secretary is responsible for scheduling meetings, creating agendas, maintaining official meeting minutes, and ensuring proper record keeping.

The Board shall determine which of the Directors will serve as Treasurer and Secretary by a vote at the first meeting following the annual election of Board members or as soon thereafter as practicable.

Section 2: Committees:

Committees may be formed by the board, as needed. Committees may be made up of any combination of board and members and may also include town officials who are not themselves members but who would represent the interests of the town in general.

Article VII: Operational Scope:

9. Sustainable Water Management

- To ensure the reliable delivery of clean and safe drinking water to our community
- To ensure the reliable collection and treatment of wastewater for our community.
- To collect rates for service.
- To maintain, improve, repair, and expand the system as necessary.
- To follow and enforce the Rules and Regulations of the drinking water and wastewater systems

10. Economic Development: to stimulate local economic growth through working to identify, develop, and implement infrastructure projects and improvements that attract businesses, create jobs, support development, and make Bolton Valley a more attractive place to live and work.

11. Community Engagement and Partnership: to actively engage with community members, local businesses, government agencies, and other stakeholders in planning and implementing projects, ensuring that our efforts align with the community's needs and aspirations.

Article VIII: Finances

Section 1: Fiscal Year

The fiscal year of the Company shall coincide with the calendar year, running from January 1st to December 31st.

Section 2: Revenue Model

Revenue will primarily be generated through water and sewer rates billed quarterly in arrears to all members. The organization may also apply for grants, as determined by the Manager.

Section 3: Rates and Fees

- Rates and fees for services provided by the Company shall be established by the Board of Directors.
- Initial rates shall remain consistent with those in effect at the time of the transfer of assets into the non-profit, recognizing that the drinking water rates are currently and may continue to be regulated by the Public Utility Commission (PUC).
- Except in the instance of the PUC's authority as described above, the Board shall have the authority to modify rates and fees, which shall be reviewed annually at the Board's annual meeting. Rate and fee changes shall not occur more than once per year, except under extraordinary circumstances.

Section 4: Financial Reporting and Audit

- An annual financial report shall be presented to the Board by the Manager and Treasurer.
- Finances shall be reviewed annually by a CPA coinciding with the preparation of tax returns.

Section 5: Large Loans and Budget Approval

- Any new loans exceeding \$100,000 require Board approval, which can occur as part of the budget approval process or at a special meeting of the Board.
- New loans for \$100,000 or less may be executed at the discretion of the Manager.
- Annual budgets require the approval of the Board.
- The Manager is authorized to apply for grants and to authorize all approved loans and execute all aspects of the operation as laid out in the organization's annual budgets.

Section 6: Parity of Financial Obligations Between Members and Non-Member Customers

- In the event that the Corporation provides services to any ratepayers that are not Members, no Member shall be subject to any fee, tariff, special assessment, surcharge, or other financial obligation, whether recurring or one-time, unless such obligation applies on equal terms and in equal amounts to similarly situated non-Member customers receiving the same class of service.
- Nothing in this provision shall be construed to limit the Corporation's ability to impose fees, tariffs, assessments, surcharges, or other financial obligations on non-Member customers as permitted by law and applicable agreements, or to comply with any statute, regulation, or order of a regulatory authority.

Section 7: Limitation on Special Assessments

- Special assessments shall only be imposed as a measure of last resort. Such assessments may be used solely for projects deemed urgent, where no other sources of funding are

available or can reasonably be obtained within the timeframe necessary to address the urgent need.

- Special assessments shall not be used for routine or planned capital improvements where financing, reserves, grants, or other customary funding sources are available.

Section 8: Bank Account Management

- The Treasurer, Manager, and a designated bookkeeper shall have access to all bank accounts.
- Regular checking accounts shall hold no more than \$250,000; amounts exceeding this will trigger the creation of a reserve account, managed by the Board.

Article IX: Amendments

These Bylaws may be amended by a unanimous vote of the Board of Directors at any regular or special meeting, provided notice of the proposed amendment has been given in accordance with Article V, Section 5 of the bylaws.

Article X: Dissolution

Upon dissolution of the Company, assets shall be distributed as outlined in the Articles of Incorporation, consistent with state law and the purposes of the Company.

Article XI: Indemnification

The Company shall indemnify its Directors, officers, employees, and agents to the greatest extent possible, as prescribed by law.

****Adopted by unanimous vote of the Board of Directors on October 7, 2025.**