

ORCHARD HEIGHTS WATER ASSOCIATION POLICY

POLICY STATEMENT: #5

TITLE: NEW SHARE PROCEDURES

DATE APPROVED: 1997

REVISED DATE(S): revised 06/21/2016

This policy provides the methods and procedures for the sale of new shares in the Orchard Heights Water Association.

1. The quantity of new shares that may be sold in any given year must be approved by the Membership in the annual meeting. The availability period and price are fixed for up to one year. The Board may increase the price to reflect a new systems development charge. These limitations are as specified in OHWA Restated Bylaws dated 11/09/99 article 9.2.2.

BYLAW Article 9.2.2

9.2.2 Issue new memberships. To obtain approval of the members for the issuance of new membership certificates, the Board of Directors shall recommend to the membership at the annual or a special meeting that applications for new memberships be accepted and the board shall recommend to the membership the number of new memberships that could be issued. The price for new membership certificates shall remain fixed for a designated time not to exceed 365 days. If not sold within 365 days, or such shorter period as established by the membership, authority to sell any one or any designated number of membership certificates shall automatically lapse without further act of the Board of Directors. The fixed price for any new membership certificate may be increased by the Board to reflect any new systems development work done by the Association after the date the new membership certificate price was established by the Board. The membership shall pass a resolution as to the number of new memberships that the Board can issue for the following year if any. The Board can issue, at its discretion and procedures, new memberships up to the limit imposed by the membership.

2. All new shares must meet the membership requirements of OHWA Bylaw Article 4.1. Specifically, the share must be attached to a property, which is reasonably accessible to the water system.

Bylaw Article 4.1

General Rule. The holders of a membership certificate of this Association are its members. Any owner of a farmstead or residential property having reasonable accessibility to the water system operated by the Association and who receives approval of the Board of Directors may be admitted to membership. No person shall be admitted to membership until such person has paid all attachment charges required by the Board of Directors.

3. New shares must be connected to the OHWA system within 1 year of the purchase of the new share. Failure to meet this requirement could result in termination of the new share under OHWA Bylaw article(s) 4.5 and 4.6. The need is to add paying water users to the system. This requirement does not apply to any existing shares held prior to January 1, 1997.
4. New shares will start paying membership fees and any other charges imposed on the existing members when the purchase is finalized. Connection to the system is not required for these charges to be imposed.

5. METHOD OF OFFERING

- 5.1 Prospective new members inside OHWA service area will be broken into two classes:
 - A. Existing waiting list
 - B. General Public
- 5.2 Prospective new members will be selected by class and will be notified by letter of the offer and will have a 15-day period to respond. All other prospective members expressing interest will be notified by letter thanking them for their interest and their name will be placed on a waiting list by class. This waiting list is only valid for one year.
- 5.3 If demand is higher than the availability in any of the classes, a lottery will be held for the class, supervised by an external organization approved by the Board.
- 5.4 Shares offered to the selected new members but not sold may be withdrawn or re-offered in the same class order (A, B). This may include terminated shares. (Article 4.5,4.6)
- 5.5 New shares will first be offered to Class A: Existing waiting list.
- 5.6 Any remaining available shares will then be offered to Class B: General Public on the basis of one new share offered for each prospective member that has property meeting the requirements in BYLAW Article 4.1. The initial offering will be limited to one share per prospective member. If more shares are available than taken in the first round additional rounds will be made to allow new prospective members to obtain an additional share(s) on the limit of one share per round. The general public will be advised to contact the Office Manager if interested.

6 NEW SHARE PRICE

6.1 The Board will price the new shares based on several factors:

- 6.1.1 Current valuation of an existing share.
- 6.1.2 Any past system development charges currently being paid by the existing membership.
- 6.1.3 Charges by other water associations and districts in the area.
- 6.1.4 Current Costs of a well in the area.
- 6.1.5 Market conditions.

6.2 The share price does not include any Attachment Charges specified in OHWA Bylaw Article 4.2.

Attached: April 1, 2011 (revised February 2012), Orchard Heights Water Association Service Area Map

APPROVED:

Secretary/Treasurer or President