THREE LAKES WATER ASSOCIATION

2026 ANNUAL MEETING BALLOT ITEM • MEMBER VOTE REQUIRED

The Question: How much member approval should be required before the Association can be sold, merged, or have assets sold to a new or existing municipal corporation?

On August 26, 2026, members approved the new 2026 Bylaws. It was later noticed that language requiring member approval for a sale of the Association — originally added in 2014 — had been unintentionally left out during that rewrite. Washington law already requires member approval for a sale regardless of the Bylaws, but the Board wants this protection stated clearly in our own governing documents. The Board reviewed the matter, confirmed the omission was unintentional, and is now asking members to vote on which version of this protection to go forward with in the bylaws.

In plain terms: this vote sets the bar for how much member support is needed before the Association could ever be sold or transitioned to another entity. A higher threshold makes a sale harder to complete; a lower threshold makes it easier. **At the October 2026 Annual Meeting, members will choose ONE of the two options below.**

CHOICE 1 Original 2014 Language — Two-Step Vote, 60% Threshold	**CHOICE 2** Alternative New Language — One-Step Vote, Majority Threshold
PROPOSED BYLAW LANGUAGE *"Prior to any sale of the corporation, 60% of the members must vote to validate the sale. There must also be a 60% majority vote of those 60% to validate the ballot."* Interpretation: In plain terms: 60% of all members must vote to approve a sale, then another 60% vote is required to validate that the first vote was properly conducted.	**PROPOSED BYLAW LANGUAGE** *"Prior to the sale of the corporation, merger with another entity, or a sale of the corporation's assets to a new or existing municipal corporation, a majority of members must vote to approve the specific proposed sale terms and conditions of any final agreement."* Interpretation: In plain terms: a majority of members must approve the specific terms of a sale, merger, or asset transfer — in a single vote.
PROS • Sets a very high bar, making an unwanted sale extremely difficult. • As with Choice #2, Guards against a small group of members approving a sale.	**PROS** • Simple, one-step process that is easier to understand and to achieve. • Specifically calls out merger and municipal corportation • Members still have final say over any deal's terms. • Gives the Board a more realistic path to act if a major infrastructure crisis makes a sale necessary.
CONS • Very hard to reach given typical member participation — could block even a sale that benefits members. • Two separate votes • Language is difficult to understand.	**CONS** • Some members may feel a simple majority is too low a bar for a decision this significant. • No separate step to double-check that the vote was properly conducted.
Bottom line — Choice 1: Harder to sell, harder to reach.	**Bottom line — Choice 2:** Easier to act on, but still requires majority support, a difficult requirement to meet.

This summary is provided to help members understand the choice in plain language.