

BY - LAWS  
of  
HARMONY PARK WATER ASSOCIATION

ARTICLE I

General Purposes

The purposes for which this corporation is formed, and the powers which it may exercise are set forth in the Articles of Incorporation of the corporation.

ARTICLE II

Name, Location & Purpose

Section 1. The name of this corporation is the HARMONY PARK WATER ASSOCIATION.

Section 2. The principal office of this corporation shall be located in the Town of Silver Creek, County of Lewis, State of Washington, but the corporation may maintain offices and places of business at such other places within or without the State as the Board of Directors may determine.

Section 3. The purpose of this corporation is to provide water for domestic, livestock and garden purposes to all lots within Harmony Park Plats I & II and the residence and trailer park presently owned by Harry Carson.

ARTICLE III

Seal

Section 1. The seal of the corporation shall have inscribed thereon the name of the corporation, the year of its organization, and the words "Non-Stock Corporation, Washington."

Section 2. The secretary of the corporation shall have custody of the seal.

Section 3. The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE IV

Fiscal Year

The fiscal year of the corporation shall begin the 1st day of January in each year.

ARTICLE V

Membership

Section 1. The holders of membership certificates of this corporation are its members. All bona fide owners of a lot or lots within Harmony Park Plats I & II who are in need of having water

supplied for domestic, livestock & garden purposes from the water system constructed, maintained, and operated by the corporation, will be admitted to membership upon subscribing for and otherwise acquiring a membership certificate and by signing such agreements for the purpose of water, as may be provided and required by the corporation. In addition the corporation shall supply water to the residence and trailer park presently owned by Harry Carson. No other persons shall be admitted to the corporation. The initial hookup fee shall be \$300.00 for members who have not paid a hookup fee and for all lots yet unsold by Harry Carson. As to lots presently owned by Carson, the hookup fee shall, upon collection from the purchaser, be paid to Carson to reimburse him for monies spent in establishing the water system. Members maintaining a permanent residence in the area served by the corporation shall pay a monthly service fee of \$6.50; members maintaining a vacation home in the area served by the corporation shall pay an annual service fee of \$25.00. These fees and charges are subject to change by action of the board as herein provided, HOWEVER, as to lots presently owned by Carson, for a term of 3 years from the date of adoption of these bylaws the initial hookup fee shall not be increased. Thereafter, if the initial hookup fee is increased for a term of 5 years from the date of adoption of these By-Laws \$300.00 of the hookup charge shall, upon collection from the purchaser, be paid to Carson to reimburse him for monies spent in establishing the water system.

No initial hookup fee shall be charged for establishing water service to the residence or trailer park presently owned by Harry W. Carson. The corporation shall supply water to said residence and trailer park at a monthly rate equal to three times the monthly service fee for members maintaining a permanent residence in the area served by the corporation.

Section 2. When the owner of a lot which is separately served by the corporation, sells his lot or the lot is otherwise transferred to a new owner, his membership automatically passes to the new owner; provided the member transferring is free from indebtedness to the corporation. The transfer of membership will be made on the books of the corporation upon submission of the recorded instrument of conveyance to the secretary.

## ARTICLE VI

### Membership Certificates

Section 1. This corporation shall not have capital stock, but its capital shall be represented by membership certificates.

Section 2. The membership certificates shall be issued to each holder of fully paid membership and shall be numbered consecutively, in accordance with the order of issue. Each membership certificate shall bear on its face the following statements:

- a. This membership certificate, No. \_\_\_\_\_, is issued and accepted in accordance with, and subject to the conditions and restrictions stipulated in the Articles of Incorporation and By-Laws and Amendments to the same of the Harmony Park Water Association.
- b. Transfers of membership certificates shall be made only upon the books of the corporation, only to persons eligible to become members as determined on the basis of Article V, Section 1 of the By-Laws, and only when the member transferring is free from indebtedness to the corporation.
- c. No member of this corporation shall be entitled to more than one vote at meetings of the members, or to hold more than one of the membership certificates of the corporation for each lot owned by the member within the

area served by the corporation. Every member, upon becoming a member of this corporation, agrees to sign such agreement for the purpose of receiving water from the corporation as may from time to time be provided and required by the corporation.

Section 3. All transfers of membership certificates shall be made upon the books of the corporation upon the surrender of the certificates covering the same by the holders thereof, or by their legal representatives, only to persons eligible to become members as determined on the basis of Article V, Section 1, and only when the transferring member is free from indebtedness to the corporation.

## ARTICLES VII

### Meetings of Members

Section 1. The annual meeting of the members of the corporation shall be held at the Town of Silver Creek, County of Lewis, State of Washington, at 8:00 o'clock p.m., on the \_\_\_\_\_ day of \_\_\_\_\_ of each year, if not a legal holiday, or if a legal holiday, on the next business day following.

Section 2. Special meetings of the members may be called at any time by the action of the Board of Directors and such meetings must be called whenever a petition requesting such meeting is signed by at least ten percent of the members and presented to the Secretary or to the Board of Directors. The purpose of every special meeting shall be stated in the notice thereof, and no business shall be transacted thereat except such as is specified in the notice.

Section 3. Notice of meetings of members of the corporation may be given by a notice mailed to each member of record, directed to the address shown upon the books of the corporation, at least 10 days prior to the meeting. Such a notice shall state the nature, time, place, and purpose of the meeting, but no failure or irregularity of notice of any annual meeting, regularly held, shall affect any proceedings taken thereat.

Section 4. The members present at any meeting of the members shall constitute a quorum at any meeting of the corporation for the transaction of business. The voting powers of the members of this corporation shall be equal, each member shall have one vote only.

- a. At any meeting of the members, a member entitled to vote may vote by proxy executed in writing by the member or his duly authorized attorney-in-fact. No proxy shall be valid after 11 months from the date of execution, unless otherwise provided in the proxy.
- b. For any person to present a member by proxy, such person must submit his power of attorney to the Secretary of the Board of Directors for examination at least one hour before the time of the meeting. When the Secretary has certified the power of attorney is in good order, the proxy holder shall have the right to do any and all things which might be done by the member were he present in person, in which right shall include the organizing of any meeting.

Section 5. Directors of this corporation shall be elected at the annual meeting of the members.

Section 6. The order of business at the regular meetings and so far as possible at all other meetings, shall be:

1. Calling to order
2. Proof of notice of meeting
3. Reading and action on any unapproved minutes
4. Reports of officers and committees
5. Election of Directors
6. Unfinished business
7. New Business
8. Adjournment

#### ARTICLE VIII

##### Directors and Officers

Section 1. The Board of Directors of this corporation shall consist of five members, all of whom shall be members of the corporation. The Directors named in the Articles of Incorporation shall serve until the first annual meeting of the members and until their successors are elected and have qualified. At the first annual meeting of the members, two directors shall be elected for a term of one year; two directors for a term of two years; and one director for a term of three years. At each annual meeting thereafter, the members shall elect for a term of three years the number of directors whose terms of office have expired.

Section 2. The Board of Directors shall meet within 10 days after the first election and within 10 days after the annual election of Directors and shall elect by ballot a President and Vice-President from among themselves and a Secretary-Treasurer, each of whom shall hold office until the next annual meeting and until the election and qualification of his successor, unless sooner removed by death, resignation or for cause.

Section 3. If the office of any Director becomes vacant by reason of death, resignation, retirement, disqualification or otherwise, except by removal from office, a majority of the remaining Directors, though less than a quorum, shall, by a majority vote, choose a successor who shall hold office until the next regular meeting of the members of the corporation, at which time the members shall elect a Director for the unexpired term or terms, provided that in the call of such regular meeting a notice of such election shall be given.

Section 4. A majority of the Board of Directors shall constitute a quorum at any meeting of the board.

Section 5. Compensation of officers may be fixed at any regular or special meeting of the members of the corporation. Directors shall receive no compensation for their services as such.

Section 6. Officers and Directors may be removed from office in the following manner: Any member, officer or Director may present charges against a Director or Officer by filing them in writing with the Secretary of the corporation. If presented by a member, the charges must be accompanied by a petition signed by ten percent of the members of the corporation. Such removal shall be voted on at the next regular or special meeting of the members and shall be effective, if approved by a vote of a majority of the members. The Directors or officer against whom such charges have been presented

shall be informed, in writing, of such charges five days prior to the meeting, and shall have the opportunity at such meeting to be heard in person or by counsel and to present witnesses; and the person or persons presenting such charges against him shall have the same opportunity. If the removal of a Director is approved, such action shall also vacate any other office held by the removed Director in the association. A vacancy in the board thus created shall immediately be filled by a vote of a majority of the members present and voting at such meeting. A vacancy in any office thus created, shall be filled by the Directors from among their number so constituted after the vacancy in the board has been filled.

## ARTICLE IX

### Duties of Directors

Section 1. The Board of Directors, subject to restrictions of law, the Articles of Incorporation, or these By-Laws, shall exercise all of the powers of the corporation and, without prejudice to or limitation upon their general powers, it is hereby expressly provided that the Board of Directors shall have, and are hereby given, full power and authority (to be exercised by Resolution adopted by a majority vote of all the members) in respect to the matters and as hereinafter set forth:

- a. To pass upon the qualifications of members in accordance with Article V, Section 1, and to cause to be issued appropriate certificates of membership.
- b. To select and appoint all officers, agents or employees of the corporation or remove such agents or employees of the corporation for just cause, prescribe such duties and designate such powers as may not be inconsistent with these By-Laws, fix their compensation and pay for faithful services.
- c. To borrow from any source, money, goods or services and to make and issue notes and other negotiable and transferable instruments, mortgages, deeds of trust, and trust agreements, and to do every act and thing necessary to effectuate the same.
- d. To prescribe, adopt and amend, from time to time, such equitable uniform rules and regulations as, in their discretion, may be deemed essential or convenient for the conduct of the business and affairs of the corporation and the guidance and control of its officers and employees, and to prescribe adequate penalties for the breach thereof.
- e. To order, at least once each year, an audit of the books and accounts of the corporation by a competent public auditor or accountant. The report prepared by such auditor or accountant shall be submitted to the members of the corporation at their annual meeting.
- f. To fix the charges to be paid by each member for services rendered by the corporation to him, the time of payment and the manner of collection.

- g. To require all officers, agents and employees charged with responsibility for the custody of any of the funds of the corporation, to give adequate bonds, the cost thereof to be paid by the corporation, and it shall be mandatory upon the Directors to so require.
- h. To select one or more banks to act as depositories of the funds of the corporation and to determine the manner of receiving, depositing, and disbursing the funds of the corporation and the form of checks and the person or persons by whom the same shall be signed, with the power to change such banks and the person or persons signing such checks and the form thereof at will.
- i. To levy assessments against the membership certificates of the corporation and to enforce the collection of such assessments by the suspension of delinquent certificates. The Board of Directors shall have the option to suspend all rights and privileges of members holding any membership certificate on which assessment has not been paid, at any time after 90 days from the date the assessment was due, provided that the corporation must give the member at least 30 days written notice at the address of the member on the books of the corporation, of its intention to suspend the certificate if the assessment is not paid. Upon payment of the assessment, the rights, privileges and services shall immediately be returned.

## ARTICLE X

### Duties of Officers

Section 1. Duties of President. The President shall preside over all meetings of the corporation and the Board of Directors, call special meetings of the Board of Directors, perform all acts and duties usually performed by an executive and presiding officer, and sign all membership certificates and such other papers of the corporation as he may be authorized or directed to sign by the Board of Directors provided the Board of Directors may authorize any person to sign any or all checks, contracts and other instruments in writing on behalf of the corporation. The President shall perform such other duties as may be prescribed by the Board of Directors.

Section 2. Duties of the Vice-President. In the absence or disability of the President, the Vice-President shall perform the duties of the President; provided, however, that in case of death, resignation or disability of the President, the Board of Directors may declare the office vacant and elect his successor.

Section 3. Duties of the Secretary-Treasurer. The Secretary-Treasurer shall keep a complete record of all meetings of the corporation and of the Board of Directors and shall have general charge and supervision of the books and records of the corporation. He shall sign all membership certificates with the President and such other papers pertaining to the corporation as he may be authorized or directed to do so by the Board of Directors. He shall serve all notices required by law and by these By-Laws and shall make a full report of all matters and business pertaining to his office to the members at the annual meeting. He shall keep the corporate seal and membership certificate records of the corporation, complete and

countersign all certificates issued and affix said corporate seal to all papers requiring seal. He shall keep a proper membership certificate record, showing the name of each member of the corporation and date of issuance, surrender, cancellation or suspension. He shall make all reports required by law and shall perform such other duties as may be required of him by the corporation or the Board of Directors. Upon the election of his successor, the Secretary-Treasurer shall turn over to him all books and other property belonging to the corporation that he may have in his possession. He shall also perform such duties with respect to the finances of the corporation as may be prescribed by the Board of Directors.

#### ARTICLE XI

##### Benefits and Duties of Members

Section 1. The corporation will install, maintain and operate a main distribution pipe line or lines from the source of the water supply and service lines from the main distribution pipe line or lines to the property line of each member of the corporation. The cost of the service line or lines from the main distribution pipe line or lines of the corporation to the property line of each member shall be paid by the corporation. The corporation may also purchase and install a cut-off valve in each service line from its main distribution line or lines, such cut-off valve to be owned and maintained by the corporation and to be installed on some portion of the service line owned by the corporation. The corporation shall have the sole and exclusive right to use such cut-off valve to turn it on and off.

Section 2. Each member shall be entitled to purchase from the corporation, pursuant to such agreements as may from time to time be provided and required by the corporation, such water for domestic, livestock and garden purposes as a member may desire, subject, however, to the provisions of these By-Laws and such rules and regulations as may be prescribed by the Board of Directors. Each member shall be entitled to have delivered to him through a single basic service line only such water as may be necessary to supply the needs of the persons residing within a single dwelling and of the livestock owned by such persons, and to irrigate a garden and shall be entitled to have delivered to him through a single basic service line only such water as may be necessary to supply the needs of a particular installation.

No new service line or change in an existing service line may be made which will interfere with an existing line or the delivery of water therein. Each service line shall connect with the corporation's water system at the nearest available place to the place of desired use by the member, if the corporation's water system shall be of sufficient capacity to permit the delivery of water through a service line at that place without interfering with the delivery of water through a prior service line. If the corporation's water system shall be inadequate to permit the delivery of water through a service line installed at such place without interfering with the delivery of water through a prior service line, then such service line shall be installed at such place as may be designated by the corporation. Each member will be required to dig or have dug a ditch for the connection of the service line or lines from the property line of the member to his dwelling or other portion of his

premises, and will also be required to purchase and install the portion of the service line or lines from his property line to the place of use on his premises and to maintain such portion of such service line or lines which shall be owned by the member, at his own expense, provided that the corporation may, if the Board of Directors so determine, purchase the pipe for and install such portion of such service line or lines, the cost of which will, however, be paid by the individual member.

Section 4. In the event the total water supply shall be insufficient to meet all of the needs of the members, or in the event there is a shortage of water, the corporation may prorate the water available among the various members on such basis as is deemed equitable by the Board of Directors, and may also prescribe a schedule of hours covering the use of water and require adherence thereto; provided that if any any time the total water supply shall be insufficient to meet all of the needs of the members for domestic, livestock and garden purposes, the corporation must first satisfy all of the needs of the members for domestic purposes before supplying any water for livestock purposes, and must satisfy all of the needs of the members for both domestic and livestock purposes before supplying water for garden purposes.

Section 5. The Board of Directors shall, prior to the beginning of each calendar year, determine the flat minimum monthly rate to be charged each user member during the following calendar year, such flat minimum monthly rate to be payable irrespective of whether any water is used by a member during any month if service facilities are installed for such member, and the amount of additional charges, if any, for additional water which may be supplied by the members; shall fix the dates for the payment of such charges, and shall notify each member of the amount of such charges and the dates for the payment thereof. A member to be entitled to the delivery of water, shall pay such charges at the office of the corporation at or prior to the dates fixed by the Board of Directors. The failure to pay water charges duly imposed shall result in the automatic imposition of the following penalties:

- a. Non-payment for 30 days after due. The water shall be cut off from the delinquent member's property, to be returned immediately upon payment.
- b. Non-payment for 60 days. Membership in this corporation shall be suspended, to be returned immediately upon payment.

Section 6. The Board of Directors shall be authorized to require each member to enter into water users agreements which shall embody the principles set forth in the foregoing sections of this Article.

## ARTICLE XII

### Distribution of Surplus Funds

Section 1. It is not anticipated that there will be any net income. If there should be any, then at the end of the fiscal year, after paying the expenses of the corporation for operation and otherwise, and after setting aside reserves for depreciation on all buildings, equipment and office fixtures, and such other reserves as the Board of Directors may deem proper, and after providing for payments on interest and principal of obligations and amortized debts of the



corporation, and after providing for the purchase of proper supplies and equipment, the net earnings shall be accumulated in a surplus fund for the purpose of replacing, enlarging, extending and repairing the system and property of the corporation, and for such other purposes as the Board of Directors may determine to be for the best interests of the corporation. The said surplus fund or any portion thereof may, from time to time, at the discretion of the Board of Directors, be distributed to the members as provided in the By-Laws, on the basis of the assessments and charges made and levied against and paid by such members during the year.

Section 2. Any part of the whole of such apportionment may be credited, at the discretion of the Board of Directors, to the indebtedness of the members, should any exist, and in such case the members shall be notified in writing of the amount so applied.

#### ARTICLE XIII

##### Amendments

Section 1. These By-Laws may be repealed or amended by a vote of a majority of the members present at any regular meeting of the corporation, or at any special meeting of the corporation called for that purpose, except that the members shall not have the power to change the purposes of the corporation so as to decrease its rights and powers under the laws of the State, or to waive any requirement of bond or other provision for the safety and security of the property and funds of the corporation or its members, or to deprive any member of rights and privileges then existing, or so to amend the By-Laws as to effect a fundamental change in the policies of the corporation. Notice of any amendment to be made at a special meeting of the members must be given at least 10 days before such meeting and must set forth the amendments to be considered.