

BY-LAWS

OF

POTLATCH BEACH MUTUAL WATER COMPANY

ARTICLE I

PURPOSE

Potlatch Beach Mutual Water Company is a non-profit corporation formed by the laws of the State of Washington with respect to such corporations, and has been formed for the sole purpose of rendering water service to members of the company, as defined in these by-laws.

ARTICLE II

LANDS ENTITLED TO WATER SERVICE

All of the land included in the following described real property situate in the County of Mason, State of Washington, to-wit:

Potlatch Beach Tracts, according to the recorded plat thereof on file in the office of the Auditor of Mason County,

shall be entitled to receive water service from the Potlatch Beach Mutual Water Company.

Under the provisions of that certain contract heretofore entered into between Ernest Carlson and the Potlatch Beach Mutual Water Company, water service shall also be extended to the following described tracts of real property located in the County of Mason, State of Washington, to-wit:

A strip of land 200 feet in width lying immediately to the west of the west line of the right-of-way of the Olympic Highway, commencing at the north line of Government Lot 1 and extending southwesterly through Government Lots 2, 3, and 4 to the north line of the property owned by the Hood Canal Women's Club, lying in Section 23, Township 22 North, Range 4 West., W.M.

Provided, however, that if water cannot be made available to any building sites by gravity flow because of elevation, the water will only be made available to the owner or the purchaser thereof at the water main located at the approximate level of the Olympic Highway, and the pumping of the water from that point shall be required to be at the owners or purchasers expense and operation.

At the designation of the said Ernest Carlson, his heirs, successors or assigns, and under the terms of this contract, until such designation is made as to said tracts, or any portion thereof, and water service thereafter provided, no charge of any nature whatsoever shall be levied against any of the land therein, except that portion of Potlatch Beach Tracts lying within said strip.

ARTICLE III

MEMBERS

The owners or purchasers of all land entitled to receive water service from the company shall constitute the membership of the company. One membership share only shall be issued to each owner or purchaser, regardless of the number of lots or tracts owned or being purchased. For the purpose of membership an individual or the members of a marital community shall be considered as a single owner or purchaser.

Membership shall depend upon all land entitled to water service. Whenever the owner, or owners, of any of the lots or tracts authorized to receive service, sells all of the land for which he, or they hold a certificate of membership, such certificate shall be surrendered and a new certificate issued to the new owner or purchaser. When any land entitled to water

service from the company is sold under contract, the purchaser shall be entitled to hold the membership certificate. The company shall look to the purchaser for any payments which may be due the company. Certificates of membership shall be transferable only upon the books of the company. If a member sells a part only of the land for which he holds a certificate, the original certificate shall be surrendered and new certificates issued for the land retained and the land sold. Membership may be forfeited as hereinafter provided.

Water service may be extended to lands other than those now authorized to receive service, only upon authorization of the majority of the certificate holders, and no person shall be entitled to a certificate of membership for any such lands until payment has been first made to the Secretary-Treasurer of such membership or initiation fees as may be fixed by the board.

ARTICLE IV

OFFICERS

The business and affairs of the company shall be managed by the Board of Trustees, consisting of five members. The trustees named in the Articles of Incorporation shall hold office until the first annual meeting of the members to be held at 8:00 P.M. Friday, January 10, 1947. At such annual meeting five trustees shall be elected by the members, for a term of one year and until their successors are elected and qualified. The trustees at their first meeting after election shall elect a President, Vice-President and a Secretary-Treasurer. These officers may be

elected from the members of the board or any other member of the company not a member of the board may be elected. Meetings of the board shall be presided over by the President, or in his absence, by the Vice-President. If the President or Vice-President presiding shall not be a member of the Board of Trustees he shall not have a vote at any trustees' meeting, except in case of a tie. Three members of the board shall constitute a quorum to transact business. Any vacancies occurring in the Board of Trustees or in any of the officers shall be filled by the board, the appointee to such a vacancy to hold office until the next annual meeting of the members and until his successor is elected and qualified. The President, or in his absence, the Vice-President, shall preside at all meetings of the members. The President shall sign all certificates of membership of the company and shall have such other powers and duties as are conferred upon him by the board. The Secretary-Treasurer shall sign all certificates of membership, sign and issue all checks of the company, keep the books and minutes of meetings of the members and of the Board of Trustees, and perform such other duties as may be required by the board, and shall render an accounting to the board and to the members whenever called upon so to do.

ARTICLE V

POWERS AND DUTIES

The Board of Trustees shall have complete control and management of the affairs of the corporation. It may, if it sees

fit, employ a manager of the water system and fix his compensation. It may incur indebtedness, if necessary, for the operation of the system, and shall prescribe rules and regulations for the furnishing of water to members and for all matters necessary and proper for the adequate maintenance and operation of the water system.

ARTICLE VI

MEETINGS

Annual meetings of the members shall be held on the second Saturday in July. At such meetings the holder of each membership certificate shall be entitled to one vote. In case a certificate is held by a marital community either the husband or wife may vote, but both shall not be entitled to a vote. Thirty (30) percent of the holders of membership certificates shall constitute a quorum to transact business. All questions, except as provided in Article XII, shall be determined by a majority vote of the number of membership shares represented at the meeting.

The trustees shall meet at such times as called together by the President, and a meeting of the trustees may be called at any time by three or more trustees.

Notices of annual meetings shall be mailed all members at their last known address by the Secretary-Treasurer at least ten days prior to the annual meeting. Special meetings of the members may be called at any time by the President, or by a majority of the Board of Trustees, or upon petition of not less

than fifteen (15) certificate holders, but written notice of the time and place of the special meeting must be given to all members at least three days prior to the meetings.

ARTICLE VII

DUES AND PAYMENTS

It is the purpose of the company to furnish water to all lands authorized to receive service, at cost, but assessments may be made or dues fixed at such figure as will pay all actual costs of the maintenance and operation of the water system and accrue a surplus for emergencies. The rates to be paid shall be fixed by the Board of Trustees and may be changed from time to time, and if a majority of the members are not satisfied by the rates fixed by the board, the rates may be fixed by a majority of the shares represented at any regular or special meeting.

For the purpose of dues and assessments, the trustees may divide members into resident and non-resident members.

A resident member shall be any owner or purchaser of land authorized to receive service where there is water available who actually resides on such land for any portion of the year. A non-resident member shall be a member who owns or is purchasing the land authorized to receive service, but does not reside on said land. However, a member not personally residing on the land shall be considered a resident member if there is a residence on the land occupied by any tenant. Until otherwise provided by the board of trustees, each resident member shall pay prevailing dues set by the board of trustees, and each non-resident member shall

not be required to pay monthly dues until water services are rendered. In the event of any emergency repairs requiring greater expenditures than there is then money in the treasury, the Board of Trustees may authorize an assessment of sufficient amount to pay for such repairs, and such assessments shall be made uniform as to all lands. The Secretary-Treasurer shall send notices to such member, monthly or quarterly, whichever may be found more efficient, of all dues and assessments payable, and dues and assessments will be deemed delinquent if not paid within ten days after mailing of such notice. The Board of Trustees, in fixing dues and assessments, may provide for a monthly, quarterly or annual assessment for the purpose of acquiring a surplus fund to meet emergencies. No assessments for the purpose of a surplus fund, however, shall be made when there shall be in the treasury the unobligated sum of \$500.00 in the surplus fund. The Board of Trustees may prescribe an initial membership payment to be made by any new members who may be permitted to come into the system. Such initial payment shall be sufficient to cover all costs other than main line incurred by the company in carrying water to the new member's property line and such additional sum as may be deemed proper, which additional sum shall be placed in the surplus fund of the company.

ARTICLE VIII

FORFEITURE OF MEMBERSHIP

If any member shall be delinquent more than two months in the payment of any dues or assessments, the Board of Trustees may

declare such membership forfeited and thereafter water service shall not be rendered such member until all costs incurred, dues and assessments, and a penalty of 10% have been paid to the Secretary-Treasurer. If any non-resident member is delinquent in any payments of dues or assessments no water service shall be rendered the lands owned by such non-resident member until all delinquent dues, assessments and payments of every kind shall have been paid in full, together with a penalty of 10%.

In the event the Board of Trustees shall direct any membership forfeited, the secretary shall send notice by registered mail of such forfeiture, which notice shall advise the member that if the land has been receiving water, water service will be discontinued until all delinquent dues, assessments and payments, plus penalty, have been paid in full, or, in case of a non-resident member, that no water service will be rendered such land until all such payments and penalties have been paid. In registering such notices the Secretary-Treasurer shall require a return receipt and such receipt shall be kept in the files.

ARTICLE IX

FUNDS

The Secretary-Treasurer shall maintain at least two funds, and such other funds as from time to time may be required by the Board of Trustees. One such fund shall be called the Operating Fund and from it all payments for materials, supplies, salaries and other costs of operation shall be paid. The second fund shall be called the Surplus Fund and in it shall be placed such

funds as have accrued for surplus in accordance with the rules and regulations and orders of the Board of Trustees. The Surplus Fund shall be used only in emergencies and upon authorization of the Board.

ARTICLE X

EASEMENTS

Before receiving a certificate of membership in the company, the prospective member shall execute and deliver to the Secretary of the company an easement in favor of the company, granting the company the right to enter upon the lands of the member for the purpose of inspection, maintenance and operation of water pipes and water equipment necessary for the operation and maintenance of the company's water system.

ARTICLE XI

WATER SERVICE

The company shall, at its expense, construct and maintain and operate water mains. The member shall be responsible for the construction, maintenance, operation and repair of all water pipes and water equipment, other than the company mains, located on his own land. If a member fails to keep the water pipes and equipment on his own land in proper condition, as a result of which an unnecessary waste of water occurs to the detriment of the system as a whole and the members thereof, the company may enter upon the property of the member and make necessary repairs and charge the cost thereof to the member, and if the same is not paid within thirty days the company may cut off water service and

refuse to render service until said repair costs have been paid.

ARTICLE XII

ALTERATIONS AND AMENDMENTS

No alterations or amendments to the By-Laws of this company shall be made except by a vote of two-thirds of the certificate holders represented at any regular or special meeting of the members, at which a majority of the members shall be represented.

ARTICLE XIII

ALTERATIONS AND AMENDMENTS

Alterations or Amendments in the By-Laws may also be made and membership or corporate action may also be taken by securing approval thereof, in writing, from a majority of the membership without the necessity of calling a meeting. In either case, the Trustees may initiate the proposal and the entire membership shall be circularized 30 days in advance of a date set by the Trustees for tabulation of the votes on any proposal.

Regularly adopted by a vote of 20 to 0, in favor of said By-Laws at the regular meeting of the certificate holders of the Potlatch Beach Mutual Water Company, held at Potlatch, Washington, on the 10th day of January, 1947, at which time a quorum were present.

These By-Laws of 1990 reflect changes adopted by membership on July 15, 1961, July 14, 1962, and December 12, 1963.