

M.B.C.W.S BY-LAWS

MADRONA BEACH COMMUNITY WATER SYSTEM
A WASHINGTON CORPORATION

BYLAWS

ARTICLE I

MEETINGS

SECTION 1:

The, annual meeting of the members of the Madrona Beach Community Water System shall be held at the hour of two o'clock p.m., on the second Saturday of June each calendar year at a place determined by the Board of Trustees.

SECTION 2:

Special meeting of the members may be called at any time upon written request of any three Trustees or two thirds of the members; and if more than eighteen months have elapsed without the annual members meeting being held, any member may request a meeting to be held. Such special meeting shall be called not less than ten nor more than fifty days after receipt of such request, and if the Secretary shall neglect or refuse to issue such a call, a Trustee or the member making such request may do so.

SECTION 3:

Notice of all special meeting of the members stating the time and in general, terms of the purpose thereof, shall be mailed by the Secretary or person calling such meeting to each member at his or her address, as the same appears on the records of the Corporation. No notice of meetings of the member need be given.

SECTION 4:

An entry of the service, of the meeting, of the members given in the manner above provided, shall be made in the minutes, of the proceedings, of the members and such entry, if read and approved at a subsequent meeting of the members shall be conclusive on the question of such service.

SECTION 5:

When a majority of the members of the Corporation are present at a meeting, however called or notified and such a majority of the members of the Corporation sign a written consent thereto, and such written consent is made part of the records of such meeting. The proceedings held at such meeting are valid, irrespective of the manner in which the meeting is called.

SECTION 6:

When any meeting of the members, the members holding one-tenth of the votes entitled to be cast and represented in person shall constitute a quorum for any and all purposes, including the election of trustees. The vote of the majority of the votes entitled to be cast by the members present at the meeting at which a quorum is present shall be necessary for the adoption of any matter voted upon by the members, unless a greater proportion is required by law. There shall be no voting by proxy except under the following conditions:

1. An emergency prevents the shareholder from attending the meeting, at which a problem is to be considered, which will have direct bearing on that share, holder's property

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2. The proxy would be good for that meeting only and must be in writing and on file with the Secretary-Treasurer prior to the meeting, and in no case be valid for more than 90 days.
3. A proxy shall never be granted for the purpose of election of officers.

SECTION 7:

Any regular or called meeting of the members may adjourn from day to day, or from time to time without further notice, until its business is completed. Any regular or called meeting of the members may adjourn from day to day or from time to time, without further notice. If for any reason there not be present the holders of the majority of the certificates of the corporation entitled to vote. Until a quorum shall attend, such adjournment and reasons therefor, being recorded in the journal of the proceedings of the members. When a quorum shall attend any business may be transactions that might have been transacted at any meeting had the same be held on the day on which the same was originally appointed or called. Except the annual meeting for the election of the Trustees may be adjourned from day to day.

SECTION 8:

The President, or in his or her absence, the Vice-President or absence of the President and Vice-President, a chairperson elected by the members present, shall call the meeting to order and shall act as presiding officer thereof.

SECTION 9:

The Secretary of the Corporation shall act as a secretary at all meetings of the members, and in his or her absence the presiding officer may appoint any person to act as secretary.

SECTION 10:

Each member attending any meeting in person regardless of the number of certificates / shares standing in his or her name on the books of the Corporation, shall be entitled to one (1) vote. Provided that if two or more persons are listed as owners on one certificate, said persons have a total of one (1) vote.

SECTION 11:

The time and place of holding meetings for election of trustees shall not be changed within thirty days before the day on which the election is to be held. Notice of such change shall be given to each member ten, (10) days before the election by letter mailed to his or her last known address.

SECTION 12:

All meetings shall be governed by and conducted according to the latest edition of ~~Rogers~~ **Robert's** Manual of Parliamentary Rules

ARTICLE II

TRUSTEES

SECTION 1:

The corporate powers, business and property of the corporation shall be exercised, conducted and controlled by the board of seven trustees.

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SECTION 2:

Any person of lawful age and a member of this corporation, who has not been convicted of a felony, may be elected a trustee in this corporation.

SECTION 3:

Each trustee shall hold office for three (3) years or for such period as he or she may have been appointed and until his or her successor shall be elected and shall qualify. Provided, however at the first election following the adoption of these By Laws. One of the trustees shall be elected for one year, two for two years and three for three years. Upon expiration of their terms their successors shall be elected for three years.

SECTION 4:

Whenever any vacancy shall happen among the Trustees by death, resignation, removal or otherwise, it shall be filled by appointment of the Board of Trustees. Such Trustees so appointed shall hold office for the remainder of the unexpired portion of term to which appointed.

SECTION 5:

Immediately after the election of Trustees at the annual meeting of the members, the Trustees shall meet for the purpose of organization, election of officer and the transaction of other business.

SECTION 6:

Meeting of the Board of Trustees may be held at such time and place that the Board may from time to time appoint.

SECTION 7:

Notice of special meetings of the Board of Trustees, stating the time and in general terms the purpose or purposes thereof, shall be mailed, telephoned or personally delivered to each Trustee, not later than the day before the day appointed for the meeting. An entry, of the service of the notice, given in the manner above provided shall be made in the minutes of the proceedings of the Board of Trustees. Such entry if read and approved at a subsequent meeting of the Board of Trustees, shall be conclusive on the question of service. If all the Trustees shall be present at any Trustee meeting however called or notified and sign a written consent thereto which is entered on the record of such meeting. Any business may be transacted at such meeting and the transaction of such meeting shall be valid as if it had at a meeting regularly called.

SECTION 8:

Each Trustee shall register his or her address with the Secretary, and notices of meeting mailed to such address shall be valid notices thereof.

SECTION 9:

A majority of the whole number of Trustees shall constitute a quorum for the transaction of business. Every act or decision of a majority of Trustees present at a meeting, at which a quorum is present, made or done when duly assembled, shall be valid as an act of the Board of Trustees. A majority of those present at the time and place of any stated or special meeting although less than a quorum may adjourn from day to day, or time to time without further notice. Until a quorum shall attend; and when a quorum shall attend, any business may be transacted which might have been

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transacted at the meeting had the same been held on the day on which the same was originally called?

SECTION 10:

This corporation is hereby expressly declared to be a private corporation and not a public service corporation. The Board of Trustees shall have full power to borrow money on behalf of the Corporation, including the power and authority to borrow money from any of the members, and otherwise incur indebtedness on behalf of the Corporation. To authorize the execution of promissory notes or other evidences of indebtedness of the Corporation, and to agree to pay interest thereon. Provided, however, the Board of Trustees shall not borrow, incur indebtedness or execute promissory notes in excess of \$30,000.00 without prior approval of the members of the Corporation. The Board of Trustees shall also have full power to sell, convey, alienate, transfer, assign, exchange, lease and otherwise dispose of mortgage. Pledge, hypothecate and otherwise encumber the property, real and personal and the franchises of the Corporation. To purchase, lease and otherwise acquire property, real and personal on behalf of the Corporation and generally to do and perform, cause to be done or performed, any and every act, which the Corporation may lawfully do and perform. Provided, however that no transaction herein authorized shall involve property of greater value than, or obligate the Corporation in the sum in excess of \$30,000.00 without prior approval of the members of the Corporation. Provided, further, that no contract to supply water to nonmembers shall be made, which shall in the judgement of the Board of Trustees so impair the furnishing of water to members. As to render nugatory the prime purpose for which this private corporation is organized, to wit, the furnishing of water to members of this Corporation.

SECTION 11:

Any Trustee may be removed by the vote of a legal majority of the members at a special meeting called for that purpose, and, upon removal, a vote of the members at said meeting may at once be taken to fill such vacancy or vacancies.

ARTICLE III

OFFICERS

SECTION 1:

The executive officers of the Corporation shall be a President, a Vice-President, a Secretary and a Treasurer. Provided that one person may serve as both Secretary and Treasurer of the Association.

SECTION 2:

All of said officers shall be Trustees. The officers shall be ex officio officers in the same capacity of the Board of Trustees and shall be elected at the first meeting of the Corporation after its organization and thereafter at the first meeting after the annual election of Trustees. They shall hold office for one year or until their successors is elected. Provided however, that the, Secretary or the Treasurer may be removed by the Board of Trustees at any time with or without cause.

SECTION 3:

The Board of Trustees may also appoint such other officers, agents and employees of the Corporation, as they may deem proper. The Board of Trustees may delegate the power of appointment and removal and the power to fix compensation of the executive officers and of other agents and employees of the Corporation shall be fixed by the Board of Trustees.

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SECTION 4:

Any officer or agent may be removed by the Board of Trustees whenever in the judgment of the best interest of the Corporation will be served thereby. Such removal, however, shall be without prejudice to the contract rights of the person so removed.

SECTION 5:

Officers and Trustees shall be deemed to stand in a fiduciary relation to the Corporation and shall discharge the duties of their respective positions in good faith and with that diligence, care and skill which ordinarily prudent persons would exercise under similar circumstances in like positions.

ARTICLE IV

PRESIDENT

SECTION 1:

The President shall be the chief executive officer of the Corporation and shall preside at all meeting of the members and Board of Trustees. He or she shall have general charge of the business of the Corporation, shall execute, with the Secretary, in the name of the Corporation, all deeds, bonds, contracts and other obligations and instruments authorized by the Board of Trustees to be executed. With the Secretary shall sign all certificates of the Corporation.

SECTION 2:

The President shall also have such other powers and shall perform such other duties as may be assigned by the Board of Trustees.

ARTICLE V

VICE-PRESIDENT

SECTION 1:

The Vice-President shall be vested with all the powers and shall perform all the duties of the President, in case of the absence or disability of the President.

SECTION 2:

The Vice-President shall also have such other powers and shall perform such other duties as may be assigned by the Board of Trustees.

ARTICLE VI

SECRETARY

SECTION 1: The Secretary shall:

1. Keep the minutes of all proceedings of the members and the Board of Trustees in the books provided for that purpose.

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2. Attend to the giving and serving of notices of all meetings of the members and Board of Trustees and otherwise.
3. Execute with the President, in the name of the Corporation, all deeds, bond contracts and other obligations and instruments authorized by the Board of Trustees to be executed and with the President; sign all certificates of the Corporation.
4. Be the custodian of the corporate seal, if any of the Corporation, and when so ordered by the Board of Trustees affix the seal to deeds, bonds, contracts, and other obligations and instruments.
5. Have charge of the minutes of the meetings of the Board of Trustees and the members, the book of certificates and other such books and papers as the Board of Trustees may direct.
6. In general, perform the entire duties incident to the office of Secretary, subject to the control of the Board of Trustees.

SECTION 2:

In case of the absence or disability of the Secretary, or his or her refusal or neglect to act, notices may be given and served by the President, the Vice President, or by any person thereunto authorized by the President, the Vice President, or by the Board of Trustees.

ARTICLE VII

TREASURER

SECTION 1: The Treasurer shall:

1. Keep, or cause to be kept, full and accurate accounts of receipts and disbursements, in books kept for that purpose.
2. Receive and deposit, or cause to be received and deposited, all moneys and other valuables of the Corporation, in the name and to the credit of the Corporation, in such depositories as may be designated by the Board of Trustees.
3. Disburse, or cause to be disbursed, funds of the Corporation as may be directed by the Board of Trustees, taking proper vouchers for such disbursements.
4. Render to the President and to the Board of Trustees, whenever they may require, accounts of all transactions as Treasurer and the financial condition of the Corporation.
5. In general, perform all the duties of the office of Treasurer, subject to control of the Board of Trustees.

ARTICLE VIII

VACANCIES

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SECTION 1:

If the office of the President, Vice President, Secretary or Treasurer becomes vacant by reason of death, resignation, and removal or otherwise, the Board of Trustees shall elect a successor, who shall hold office for the unexpired term and until his or her successor is elected.

ARTICLE IX

CERTIFICATES

SECTION 1:

Application for membership in this Corporation shall be in writing in such form and upon such conditions as the Board of Trustees shall determine and shall be made for each platted lot or building site. Upon acceptance of an application, the applicant, on paying the existing membership fee and all assessments then due, shall become entitled to a certificate of membership.

SECTION 2:

A person shall become a member upon issuance to him or her, a certificate. The person or persons registered on the books of the Corporation as the owner or owners of the certificate shall be recognized by the Corporation as the person or persons exclusively entitled to have and to exercise the rights and privileges incident of the ownership of such certificate, or to be held liable for costs and assessments. Regardless of the number of names listed, as owners on the certificate so held will be entitled to one (1) vote at any meeting.

SECTION 3:

Certificates of the Corporation shall be issued only to individuals owning or contracting to own one or more platted lots or unplatted building sites. Sites shall lie within the franchise area in or near the plat of Madrona Beach, the plat of Madrona View or any additions or divisions thereof, as recorded in the records of Island County, Washington.

SECTION 4:

The certificates shall be in such form and device as shall be determined by the Board of Trustees. Provided each certificate shall express on its face the date of issuance. The person or persons to whom issued and reference to these Bylaws to bring to attention the restrictions regarding ownership.

SECTION 5:

No new certificate shall be issued until the former certificate shall be surrendered and canceled, except in the case of a lost or destroyed certificate. In that case only after the receipt of a surety bond or an indemnity agreement by the Corporation, satisfactory to the Board of Trustees, indemnifying the Corporation and all persons against loss in consequences of the issuance of such new certificate.

SECTION 6:

Membership certificates of the Corporation may be transferred by endorsement, by signature of the owner, his agent, attorney or legal representative, and delivery of the certificate. No transfer shall be valid, except between the parties thereof, until the same shall have been entered upon the books of the Corporation, so as to show the names of the parties, by and to whom transferred, and the date of transfer.

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ARTICLE X

DUES, CHARGES, ASSESSMENTS and
MANNER of COLLECTION and ENFORCEMENT

SECTION 1:

The expense of operating, maintaining and replacing the water system owned by the Corporation, and the costs of any additions thereto authorized by the Corporation shall be paid for by the membership in accordance to Section 2: of this article. If such dues, charges and assessments are insufficient they shall be raised by means of assessments imposed by the Board in the amount and manner herein after provided.

SECTION 2:

Upon water becoming available in a distribution main adjacent to any platted lot or building site and upon notice of the availability of the same being given in writing to the member. Such member shall thereupon be obligated to pay a monthly charge to be established by the Board of Trustees for every platted lot or building site where such water is then available. Unimproved lots may at the discretion of the Board of Trustees, be charged nothing or a lesser amount than improved lots. Family residences of (2) two or more living units shall be charged for each unit. Members not using water by reason of having their own well shall not be subject to the monthly charge.

SECTION 3:

The total amount of funds collected by reason of the aforementioned charges shall be applied as follows:

First: Towards the costs of operation, maintenance and replacement of the water system together with taxes on corporation property.

Second: to pay the cost of any addition to the water system.

Third: to apply toward a reasonable reserve fund to provide for depreciation of the system and other reasonably foreseeable expenses the Corporation may likely to incur. In the event the financial condition of the Corporation shall warrant, the Board of Trustees, by resolution, may reduce the charges made to members.

SECTION 4:

In the event the receipts from monthly charges to the membership shall be insufficient to pay for the operation, maintenance and replacement of the water system and such additions authorized by the Corporation and other property owned hereafter acquired by the Corporation. The Board of Trustees may levy assessments against the membership in such amounts as shall be reasonably necessary to pay for the costs of operation, maintenance and replacement or additions and the reserve fund. The assessments shall be charged equitably and ratably to the members in accordance with the number of platted lots or building sites owned by them. Assessments may be levied successively if the same is warranted by the financial condition of the Corporation.

SECTION 5:

Monthly charges and all assessments levied against members and membership real estate shall become and remain a lien upon the membership and upon the said membership real estate until the same are paid. No membership shall become transferred until all delinquent and current charges and assessments have been paid.

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SECTION 6:

The monthly charges per lot or building site after the availability of the water shall be paid annually in advance on the first day of February, without notice, and the same shall be delinquent if not paid in thirty (30) days of said date.

SECTION 7:

Assessments shall be due and payable within thirty (30) days after notice thereof has been mailed to the member at the address listed upon the corporation books, and such assessment shall become delinquent if not paid within thirty (30) days of said date such notice has been mailed.

SECTION 8:

All payments on account by delinquent members shall be credited toward payment of the charges for assessments first coming due.

SECTION 9:

The Board of Trustees shall have the power and authority to discontinue water service to any lot or building site after any charge or assessment has been delinquent for (60) sixty days. Discontinuation of services shall not in any manner relieve the owners of the certificate from delinquent payments, charges or assessments then or thereafter becoming due nor discharge the lien for any of the same upon the certificate or upon underlying real estate. The Board of Trustees is hereby given authority to refrain from restoring water service until all delinquent charges and assessments have been paid.

SECTION 10:

The lien for delinquent charges and assessments, together with those charges and assessments accruing, during the process of foreclosure, may be foreclosed by action in the Superior Court of the State of Washington for Island County in the manner provided by law for the foreclosure of real estate mortgages. In addition to costs provided by statute there shall be allowed in the decree of foreclosure and such reasonable attorney's fees, as the court shall deem proper.

SECTION 11:

Each member shall pay the actual costs of labor and materials (including costs of any water meter) of such water connection that may be required. These costs shall be paid in advance, the sum of which payment may be approximate the average cost experienced by the Corporation for previous connections, with the exact amount to be adjusted upon completion of the work.

SECTION 12:

No member shall, knowingly supply water to a non-member's residence, building lot or lots or unit of a two (2) or more family residence, nor shall any member knowingly supply water to more than one residence from one certificate. Any member violating this provision shall forfeit membership in the Madrona Beach Community Water System and any certificate or certificates owned by said member shall immediately become null and void. In the event such former member discontinues the practice prohibited herein, said former member may apply to the Board of Trustees for reinstatement of his certificate or certificates. The decision of the Board of Trustees in such manner shall be final.

SECTION 13:

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Any non-member who obtains water from the Madrona Beach Community Water System without specific written permission from the Board of Trustees shall be subject to legal action to be taken by the Board of Trustees.

ARTICLE XI

NOTICES

SECTION 1:

At the time of application for membership the correct address of the residence of the member applying for a certificate shall be listed with the Secretary. Any notice provided for these bylaws shall be sufficient legal notice if mailed to the member at such address or his last known address in a sealed envelope, postage paid and deposited with the United States Post Office.

ARTICLE XII

INDEMNITY

The Corporation shall indemnify its trustees and officers as follows:

- A** Every trustee or officer of the Corporation shall be indemnified by the Corporation against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him or her connection with proceeding to which he may be made as trustee, officer or agent of the Corporation. Or is, or was serving at the request of the Corporation as a trustee, officer or agent of the Corporation or any settlement thereof, whether or not he is a trustee, officer or agent at the time such expenses are incurred. Except in such cases wherein the trustee or officer is adjudged guilty of willful misfeasance or malfeasance in performance of his duties. Provided that in the event of a settlement the indemnification herein shall apply only when the Board of Trustees approves such settlement and reimbursement as being for the best interest of the Corporation.
- B** The Corporation shall provide to any person who is, or was a trustee, officer or agent of the Corporation or is or was serving at the request of the Corporation as a trustee, officer or agent of the Corporation the indemnity against expenses of suit, litigation, or other proceedings that is specifically permissible under applicable law.
- C** The Board of Trustees in its discretion directs the purchase of liability insurance by way of implementing the provisions of this Article.

ARTICLE XIII

SEAL

SECTION 1:

The Board of Trustees may provide a suitable seal for the Corporation, which shall be circular in Form, and shall contain the following inscription:

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MADRONA BEACH COMMUNITY WATER SYSTEM
SEAL
1977
WASHINGTON

ARTICLE XIV

AMENDMENTS

SECTION 1:

These Bylaws or any amendments thereof may be repealed or amended or new Bylaws may be a Repealed or amended, or new Bylaws may be adopted at any annual meeting, or at any other Meeting of the members called for that purpose. A majority vote of the quorum at such meeting, shall be sufficient to do sufficient to do so.

The foregoing Bylaws were accepted as the Bylaws of the Madrona Beach Community Water System by a vote of the membership at a meeting held on July 23, 1977.

_____. President
GEORGE D. WYSE

ATTEST:

_____. Secretary
RUTH J. LYBECK

AS AMENDED ON JUNE 15, 1996:

_____. President
GEORGE D. WYSE

ATTEST:

_____. Secretary
DONALD A. TINIUS