

**OLGA WATER USERS, INC.**  
Olga Washington

BYLAWS (Draft of what passed in July 2009)

ARTICLE I - NAME

This corporation shall be known as OLGA WATER USERS, INC. Its registered office and its principal place of business shall be in Olga, San Juan County, Washington. The purpose of the Corporation is to determine the establishment, extension, operation and maintenance of the Olga community water system and to supply and distribute water to its members in compliance with the Federal Safe Drinking Water Act.

ARTICLE II - CORPORATE POWERS

The corporate powers of this Corporation, as set forth in its Articles of Incorporation, shall be exercised by a Board of five (5) Directors, to be elected, one each year for a five-year term, from among the members and holders of membership certificates of the Corporation. Hereinafter membership certificates are referred to as Memberships and Membership holders are referred to as Members. Each of said Directors shall be a resident of the State of Washington. The Board of Directors shall hold all Board meetings at the Olga Community Club or other appropriate venue in Olga when requested by any Member, such request to be made to the Board at least one week prior to the scheduled meeting. Said Board shall have and may exercise all the powers, rights and duties which are now or may hereafter be prescribed by law and these Bylaws, including the power to make all rules and regulations for the guidance of the officers and the management of the affairs of the Corporation. They shall have the power to elect all the other officers of the Corporation and fix the compensation of all the officers and employees and do and perform all such other acts as may be necessary, convenient or desirable for the management of the affairs of the Corporation. The Directors may borrow money for the use of the Corporation when authorized by the vote of a majority of the Memberships represented by Members present or by proxy at any regular or special meeting of Members and secure the same by note or notes secured by a mortgage or deed of trust, covering all of the property and property rights of the Corporation. Membership They shall perform such other duties as may be provided in these Bylaws or when authorized by the vote of the majority of the Memberships represented by Members present or by proxy at any legal meeting.

ARTICLE III - ELECTION OF DIRECTORS AND OFFICERS

Directors shall be elected at the annual meeting of the Members. Immediately after the adjournment of such Members' meeting, the Directors shall convene a Board meeting and proceed with the election of officers. Directors and officers shall hold office until their successors are elected and qualified.

ARTICLE IV - VACANCIES

Section 1 - Whenever a vacancy shall happen among the Directors by death, resignation or otherwise (except by removal, and the election of his/her successor, as provided by Article IX) the Directors shall inform the membership and request a volunteer to fill the empty Board position. Directors shall not appoint a replacement Director without first appealing for a volunteer from the Membership, and shall cause no Member to be appointed a Director without first informing the full Membership of the prospective appointee, length of term of service remaining for the Board position, and specific qualifications of the prospective employee.

Section 2 - Failure of any Director to attend at least two-thirds of the regular meetings of the Board in any twelve (12) month period or missing three consecutive Board meetings without cause shall be grounds for replacement of that Director.

## ARTICLE V - MEETINGS OF MEMBERS AND VOTING

Section 1 - Regular annual meetings of the Members of the Corporation shall be held in Olga, Washington on the second Saturday of July of each year, at 7:00 o'clock p.m. A continuance of any regular meeting may be held from time to time, and it shall be lawful to adjourn any regular or continued meeting. Special meetings of the Members may be called for any stated purpose by the President, a majority of the Board of Directors, or a demand in writing by one-third of the Members of the Corporation.

Section 2 - Notice of all meetings of Members shall be mailed to each Member of record to his/her last known postal address at least twenty-one (21) days prior to the date of such meeting. Such notice shall solicit proxies from Members unable to attend the meeting.

Section 3 - At any meeting of the Members, each Membership shall be entitled to one vote and any Membership held by a corporation may be voted by any officer of the corporation and, where real estate is owned by two or more people, any one owner present may vote such Membership. Any Member may vote by proxy, provided that the holder of such proxy shall not vote more than three proxies at any meeting.. Each proxy may represent one or more votes for the Membership/s held by one Member.

Section 4 - At any regular or special meeting of the Members, forty (40) percent of the total Memberships, represented by Members present or by proxy, shall constitute a quorum for the transaction of any and all business of the Corporation.

## ARTICLE VI - MEMBERS, MEMBERSHIPS AND WATER SERVICE

Section 1 - The Members of this Corporation shall consist of those persons who are now Members of the Corporation and those who shall hereafter acquire Membership pursuant to the following requirements:

(a) Are owners of real estate in the Olga Water Users, Inc. service area and who have been approved for membership by the Board of Directors or such committee of Directors as the Board may designate.

(b) And, who agree to accept and abide by these Bylaws and addenda thereto.

(c) And, who shall have paid all water service fees required by the Fee & Rate Schedule addendum hereto.

(d) Each Member shall file with the Secretary of the Corporation, his/her current postal address. If any Member shall fail to file such address, or to file change of address, such Member will be deemed to have waived any notice required to be sent in the business of the Corporation.

(e) A full and complete list of all Members of Olga Water Users, Inc. except those opting out, showing name, address, phone number and e-mail address, shall be included within the annual meeting notice mailed to each Member.

Section 2 - Memberships shall be administered pursuant to the following:

(a) A Membership in Olga Water Users, Inc. (hereinafter referred to as Olga Water Users) is required for each tax parcel or lot before water may be furnished.

(b) A Membership is valid for only one (1) parcel. Usually, said parcel is identified by the nine- or twelve-digit number used by the San Juan County Assessor to identify parcels of real property. The Membership Certificate is the proof of Membership.

(c) A Membership is attached to a particular tax parcel. It may not be transferred to another tax parcel, except if the original tax parcel is subdivided. In the event of such subdivision, the Member shall designate which of the resulting tax parcels shall have the Membership attached and the other tax parcel(s) shall be without a Membership unless the original tax parcel had multiple Memberships in which case the Member shall designate the allocation of the remaining Membership(s). In no case, as a consequence of such subdivision, shall a tax parcel result in water service without a Membership.

(d) When title to the property changes, the Membership shall be transferred to the new owner subject to the payment of the transfer fee specified in the Fee & Rate Schedule. The transfer is normally done as a part of escrow. In any other case, the new owner shall within 90 days, apply to the Corporation for transfer of Membership and shall pay the transfer fee specified in the Fee & Rate Schedule. Such application for transfer of Membership may not be refused except for good cause shown.

(e) A Membership shall not be separately sold, devised or assigned, or otherwise transferred except as provided in this section and, except for repurchase by the Corporation, the value of such Membership shall not be separately stated from the value of such land or property.

(f) The total number of Memberships issued or issuable shall not be more than the number of connections capable of being supplied from water resources available to the Corporation at a rate of consumption specified for each connection by the State of Washington or other competent authority.

(g) Members holding more than one Membership on any one lot or parcel shall be liable for all future rates, fees, charges and responsibilities required of each Membership.

(h) A Member may relinquish Membership to the Corporation for any reason. The Board of Directors is not obligated to repurchase such returned Membership. Any repurchase of a Membership by the Corporation shall be contingent upon agreement by a majority of the Board of Directors that repurchase is in the interest of the Corporation, and in such case the Board of Directors shall determine the appropriate repurchase price.

(i) The Corporation and the Board of Directors reserve the right to limit the amount of water furnished and/or purpose(s) for which water is used should conditions require such limit. Members shall not waste water. Excessive use or waste of water may be cause, after due notice to the Member and opportunity for correction of such excessive use or waste, for termination of Membership and forfeiture of any Membership fees, dues or usage fees paid. Such termination shall be ordered by the Board of Directors only after notice to the Member by certified mail sent to the Member's address as shown in the records of the Corporation that such action is contemplated and after opportunity for hearing before the Board. Use of water for watering livestock or irrigation of lots larger than a size usual for small household lots may be considered excessive.

Allowing taps or hydrants to drip to prevent freezing or failure to correct known leakage of water shall be considered wasteful.

(j) The Fee & Rate Schedule imposes various charges for water service and other benefits. Among these is the annual charge for water service which shall be payable on January 1<sup>st</sup> each year and which, if not paid by February 1<sup>st</sup> of that year, shall become delinquent. A penalty as shown in the Fee & Rate Schedule shall be added to the amount due for each Membership delinquent. If the annual fee or any other monies due the Corporation remains unpaid for a period of six months from the date initially due, water service to the delinquent Member shall be forthwith discontinued and no further water shall be furnished until all delinquent charges, including interest and penalties, shall have been paid.

(k) Delinquency more than one (1) year

(1) Except as provided in Paragraph (3) below, if any Member shall remain delinquent in payment of any part of the annual water service charge or other payment due the Corporation for one year from the time same became due and payable, such Member shall forfeit all rights to water service and water connections and as a Member of this Corporation.

(2) Before water service shall again be furnished, such person must again become admitted to Membership and pay the connection fee and Membership fee then in effect plus all unpaid water service charges, penalties, or other monies due the Corporation. A Member who is delinquent in payment of fees, water service charges, penalties, or other monies due the Corporation at the time of the annual Members' meeting may not vote at that or subsequent Members' meetings until all such amounts due are paid.

(3) When a Membership becomes delinquent in consequence of death of the Member or foreclosure proceedings on the property to which a Membership is attached, the person(s) or entity succeeding to legal ownership of the property may, within a period of one year following the date of transfer of title, cure the delinquency by notification to Olga Water Users, Inc. by copy of the recorded deed or title and payment of all delinquent fees, penalties, and the transfer fee. A new Membership Certificate in the name of the new owner(s) shall then be issued.

(l) Your Membership is valuable. Protect it.

(1) Should financial hardship in meeting current charges be experienced, a Board Member should be contacted for help since the delinquency penalties become increasingly severe and could result in the revocation of the Membership, unless the Board determines that the grace period for payment should be extended by mutual agreement as a matter of fairness or compassion.

(2) Any Member of this Corporation may work out any charges due the Corporation, upon the vote of a majority of the Board of Directors in favor thereof, whenever such work is needed by the Corporation and at such rate of pay as the Directors may determine. Provided, however, that such work shall be apportioned as equally as possible among all those Members who desire to work out any charges due the Corporation.

Section 3 - Water Service shall be administered pursuant to the following:

(a) The responsibility of Olga Water Users for maintenance of mains or pipes extends only to and including the corporation stop or connection to the mains

(1) New connections to the Corporation's mains shall be through an approved type of corporation stop installed at the nearest practicable point to the main. When any new connection to the Corporation's mains is exposed, if an approved corporation stop has not previously been installed, an approved corporation stop shall be installed at that time at the expense of the user. All corporation stops or valves connecting users to the Corporation's mains shall be marked and protected by a tile or other suitable permanent enclosure and shall be accessible to a long-handled valve wrench and this protection and identification shall be at the expense of the individual user.

(2) No person may connect to Olga Water Users mains without prior written permission from the Board to connect at that time. The responsibility for obtaining such permission to connect to Olga Water Users mains resides with the owner/member. Any work done to physically connect with the mains MUST be specifically authorized before such connection is made. Connections to the Corporation's mains or work on the mains shall be performed only by persons so authorized by the Corporation specifically for performing that particular task at the time the work is done.

(3) If an unauthorized connection to the Olga Water Users mains is made, such action will be regarded as theft and those held responsible may be prosecuted to the full extent of the law.

(b) All Olga Water Users shall install one water meter per connection and which shall meet Olga Water Users' specifications.

(c) No owner or user of water service shall permit the occupant of any other property, not having water service, to take or use water from such Member's water service, unless such furnishing is temporary and is first approved by the Board of Directors. The Board of Directors shall have authority to enforce this provision by any appropriate remedy.

(d) Olga Water Users will supply water to the Olga Dock but maintenance of these lines and fixtures shall not be the responsibility of Olga Water Users, and water service to said facilities may be terminated in case of excessive leakage of water or of improper maintenance. Olga Community Park may use modest amounts of water from the Community Club metered service, as part of the usage of the Club, to provide

drinking water, for starting plants and a hose bib for fire protection. No irrigation is permitted.

(e) Connection of fire plugs, standpipes and the like for the general protection of property within the Olga Water Users' service area and maintenance of these lines and fixtures shall be the responsibility of Olga Water Users. The Board of Directors' approval shall be obtained before any non-fire-department use of water is made from fire hydrants and stand pipes.

(f) If any application for additional water service to an existing or new Member shall require extension, alteration, or relocation of the Corporation's water lines and/or facilities, the Board of Directors is authorized to fix whatever, if any, additional charge or charges shall be required of such Member for extension of such water service and the Member must pay such charges or agree to pay immediately upon completion of work and determination of all such expenses in addition to other fees and charges herein provided before service shall be furnished.

(g) Members of Olga Water Users should bear in mind, and prospective Members should be warned, that our system relies on gravity for water volume and pressure. Any Member or prospective Member needing additional volume or pressure requiring extension, modification or addition to the system shall bear the expense of construction and such maintenance including electric power as needed for operation and such use of water shall be metered and fees for use shall be as prescribed by the Board of Directors.

(h) Cross Connection Control. Whereas the State of Washington has mandated, by law, a requirement for Olga Water Users, Inc. to plan, develop, institute and maintain records for Cross Connection Control in its water service area; the Membership of Olga Water Users, Inc. directs that the Board take all necessary measures to insure that the Corporation, and each Member, conforms in all respects to the applicable State laws and regulations governing Cross Connection Control.

#### ARTICLE VII - FEE & RATE SCHEDULE ADDENDUM

A schedule of fees and rates for water service and related benefits shall be organized and maintained. This schedule shall be known as the Fee & Rate Schedule and shall be an addendum to these Bylaws. Just as for any other Bylaw change, each revision of the Fee & Rate Schedule shall be approved by a majority of Memberships represented by Members present or by proxy before it takes effect. Such revision shall remain in effect until superseded.

#### ARTICLE VIII - CERTIFICATE OF MEMBERSHIP

A Membership Certificate shall be issued as proof of Membership in Olga Water Users, Inc. It shall bear the Member name, a serial number, and the tax parcel number, lot or other description of land or the property to which it applies. The Certificate of Membership shall be in the following form:

Property Description

CERTIFICATE OF MEMBERSHIP

No. \_\_\_\_\_

**Olga Water Users, Inc.**

OLGA, WASHINGTON \_\_\_\_\_, 20 \_\_\_\_\_

THIS IS TO CERTIFY, That \_\_\_\_\_  
Is a member of OLGA WATER USERS, INC., a corporation not for profit, organized under the laws of the State of Washington.  
This Certificate is transferable only as provided in the bylaws of this Corporation, which are hereby referred To and made a part hereof.

The forgoing Certificate shall be signed officially by the President, and countersigned by the Secretary, with the seal of said Corporation affixed.

\_\_\_\_\_  
President

\_\_\_\_\_  
Secretary

ARTICLE IX - EXPULSION OF DIRECTORS

It shall be legal at any time, by the vote of two-thirds of the Memberships of this Corporation, to expel any Director from office and to elect another to succeed him/her. In all cases where a meeting of the Members is called for the purpose of expelling a Director and electing his/her successor, the same notice shall be given of said meeting as is required to be given for a special meeting of the Members; provided that such notice shall also state that such a meeting is called for the sole purpose of expelling a Director or Directors, therein naming the Director or Directors sought to be expelled.

ARTICLE X - THE PRESIDENT

The President shall be the general executive officer of the Corporation. He/she shall preside at all meetings of the Directors and Members. He/she shall sign all Certificates of Membership, contracts, deeds, leases, mortgages, evidences of debt and instruments in writing of the Corporation; shall have power to incur indebtedness and to buy and sell any and all property desired, acquired, or owned by the Corporation, when authorized by the majority vote of the Memberships represented by Members present or by proxy at any regular or special meeting of Members; shall sign checks or drafts on the funds of the Corporation; and perform all of the duties usually appertaining to the office of president of a corporation. He/she shall have general charge of its business, subject to the control of the Board of Directors. He/she shall at all times keep the Directors advised as to the affairs of the Corporation; shall call special meetings of the Board of Directors or of the Members, whenever he/she shall deem it advisable or whenever required to do so by any three members of the Board of Directors. He/she shall receive such compensation as may be determined by the Board of Directors.

ARTICLE XI - THE VICE-PRESIDENT

The Vice-President shall preside at all meetings of the Members and Directors from which the President may be absent, and in case of the absence or inability of the President, shall perform all of the duties otherwise devolving upon the President, as hereinbefore set forth.

ARTICLE XII - THE SECRETARY

The Secretary shall keep the minutes of all Members' and Directors' meetings; shall have the custody of the corporate seal and all the records, papers, files and books of the Corporation, except the account books; shall affix the corporate seal to all documents to which it should be affixed and attest the same by his/her signature, and shall perform generally all of the duties generally and usually appertaining to the office of secretary of a corporation. The Secretary shall keep a proper list of all the Members of the Corporation, with their postal addresses, and shall note therein any changes among the Members of the Corporation, and shall keep a record of all

payments made by Members. The Secretary may be a duly-elected or appointed Director or may be a person employed by the Board to perform the duties of Secretary. In the event the Secretary is not a duly-elected or appointed Director, the Secretary shall not have a vote at meetings of the Board. The Board of Directors may decide to appoint only one person to act as both Secretary and Treasurer.

#### ARTICLE XIII - THE TREASURER

The Treasurer shall collect, have the custody of, receive and receipt for, all funds of the Corporation. He/she shall deposit the funds of the Corporation in its name in such bank or banks as may be directed by the Directors, and shall keep a record and account of all of the funds of the Corporation. The Treasurer may be a duly-elected or appointed Director or may be a person employed by the Board to perform the duties of Treasurer. In the event the Treasurer is not a duly-elected or appointed Director, the Treasurer shall not have a vote at meetings of the Board. The Board of Directors may decide to appoint only one person to act as both Secretary and Treasurer.

#### ARTICLE XIV - FUNDS OF THE CORPORATION

Section 1 - The funds of the Corporation shall be kept on deposit in some bank or banks as shall be directed by the Directors of the Corporation; and shall be paid out only on checks or drafts signed by the President or, in his/her absence or disability, by the Vice-President or Director when authorized by a majority of the Directors and countersigned by the Treasurer. In no event shall a check be signed and countersigned by the same person.

Section 2 - No officer or Director of the Corporation with the exception of the President or, in his/her absence the Vice President (see Article X) shall incur a debt on behalf of the Corporation without having first obtained approval of a majority of the Board or a majority of the Memberships represented by Members present or by proxy at a regular or special meeting. No officer, Director, or Member shall mortgage or pledge any property or income of Olga Water Users, Inc. without having first gained approval of a majority of the Memberships represented by Members present or by proxy at a regular meeting or special meeting of Members called for that purpose, notice of such purpose having been sent to the Members by mail at least 21 days in advance of such meeting.

Section 3 - Any reserve which may accumulate from Membership fees and charges for water services to Members, after the payment of all the outstanding obligations of the Corporation, shall be used only for making necessary renewals or extensions to the water system and for the reduction of charges for water services to Members; and no portion of any such reserve shall ever be distributed to any Member except as a reduction of the charges made for water service, and any reduction in charges for water service shall be for the benefit of all Members equally.

#### ARTICLE XV - THE SEAL

The Seal of the Corporation shall bear upon its face, within a circle, the name of the Corporation: "Olga Water Users, Inc." together with the words, "Corporate Seal, Olga, Washington" It shall be in the custody of the Secretary

#### ARTICLE XVI - WAIVER OF NOTICE

The attendance by a Director or a Member at any Directors' or Members' meeting shall be a waiver as to such Director or Member of all notice of such meeting, and shall operate as his/her full consent thereto. Special meetings of the Board of Directors may be held at any time a majority of the Directors are present or notice of such meeting waived. In like manner, a meeting of the Members may be held at any time, without notice, if a majority of all the Members attend such meeting. Any Director or Member may at any time, in writing, waive notice of any meeting

of the Directors or Members. All waivers of notice of meetings of Directors or Members shall be in writing, signed by the Director or Member and filed with the Secretary of the Corporation.

#### ARTICLE XVII - INDEMNIFICATION OF OFFICERS AND DIRECTORS

Section 1 - Indemnification Against Liability: Each person who, as a Director of the Corporation, is made a party to or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal or administrative, by reason of the fact that he or she is or was a Director or officer of the Corporation, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by Washington law as the same exists or may hereafter be amended, against all expense, liability and loss, including but not limited to attorney's fees, judgments, fines, taxes or penalties, or amounts paid in settlement reasonably incurred or suffered by such indemnitee in connection therewith, and such indemnification shall continue as to an indemnitee who has ceased to be a Director or officer and shall inure to the benefit of the indemnitee's estate, heirs and personal representatives.

The right to indemnification conferred in this section shall be a contract right and shall include the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that an advancement of expenses incurred by an indemnitee in his or her capacity as a Director or officer in which service was or is rendered by such indemnitee including, without limitation, service to an employee benefit plan, shall be made only upon delivery to the Corporation of a written undertaking by or on behalf of such indemnitee to repay all final amounts so advanced if it shall ultimately be determined by a final judicial decision that such indemnitee is not entitled to be indemnified for such expense by virtue of acts or omissions precluding indemnification as set forth in Section 2 hereafter.

Section 2 – Exception: No person serving as a Director or officer shall be indemnified by the Corporation in any instance in which he/she shall have been adjudged by final judicial decision to have engaged in intentional misconduct or a knowing violation of law, or from or on account of any transaction with respect to which it was determined that such Director or officer personally received a benefit in money, property or services to which the Director or officer was not legally entitled.

Section 3 - Right of Indemnitee to Bring Suit: If a claim under Section 1 of this Article is not paid in full by the Corporation pursuant to the Corporation's determination that indemnification of the Director or officer is precluded pursuant to Section 2 herein, the indemnitee shall upon the expiration of sixty (60) days after a written claim has been received by the Corporation be entitled to bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall also be entitled to be paid the expenses of prosecuting or defending such suit.

Section 4 - The Corporation may maintain insurance at its expense to protect itself and any Director, officer, employee or agent of the Corporation.

Section 5 - Indemnification of Employees and Agents: The Corporation may, by action of its Board of Directors, provide indemnification, including advance of expenses to an officer, employee or agent of the Corporation, to the extent that such indemnification is consistent with the laws of the State of Washington.

#### ARTICLE XVIII - AMENDMENTS

Section 1 - These Bylaws may be altered or amended by a majority vote of all Memberships represented by Members present or by proxy at any regular or special meeting of Members; provided written notification to each Member of such proposed alterations or

amendments shall be made not less than twenty one (21) days prior to the date of the meeting at which such action is to be taken.

Section 2 - The Board of Directors shall order amendment(s) to these Bylaws be published and mailed to each Member within thirty (30) days of their approval.

#### ARTICLE XIX - APPLICATION OF BYLAWS

Application for and acceptance of membership in Olga Water Users, Inc. shall constitute acceptance of and agreement to the Bylaws of the Corporation and to the addenda and amendments as may be properly adopted and to resolutions properly passed at regular or special meetings of the Members. Applicants for membership shall be provided with a single copy of the then-current Bylaws and all effective addenda and amendments. Additional copies of Bylaws and amendments shall be made available to Members at a charge as determined by the Board to cover costs of printing, mailing and handling.

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The original Bylaws were adopted by the unanimous vote of all Members present at a meeting of the above-named Corporation held at Olga, Washington on December 12<sup>th</sup>, 1936. This revision of the Bylaws includes amendments up to and including July 2009 which were approved by a majority vote of all Memberships represented by Members present or by proxy, and it completely replaces the original edition and its amendments and it shall become effective July 11<sup>th</sup>, 2009.

This draft version has not been reviewed by the Board or the Membership yet.