

WHEN RECORDED RETURN TO:

Wind River Community Water Association
PO Box 1197
Carson, WA 98610

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Page 1 of 16
Date: 10/12/2006 12:06P
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SKAMANIA COUNTY AUDITOR
J MICHAEL GARVISON
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DOCUMENT TITLE(S) Amended ByLaws OF The Wind
River Community Water Association

REFERENCE NUMBER(S) of Documents assigned or released:

LAST RECORDED January 7 2003 Book 235 Pg 142

☐ Additional numbers on page ____ of document.

GRANTOR(S):

Wind River Community Water Association

☐ Additional names on page ____ of document.

GRANTEE(S):

The Public

☐ Additional names on page ____ of document.

LEGAL DESCRIPTION (Abbreviated: i.e. Lot, Block, Plat or Section, Township, Range, Quarter):

Lots 1-22 Windriver Lots B/18

Lots 1-15 Windriver Lots 2 B/42

☐ Complete legal on page ____ of document.

TAX PARCEL NUMBER(S):

Begin: Windriver Lots I 04072631010100

Windriver Lots II 04072620190500

☒ Additional parcel numbers on page 2 of document.

The Auditor/Recorder will rely on the information provided on this form. The staff will not read the document to verify the accuracy or completeness of the indexing information.

Amended By-laws of The Wind River Community Water Association

Last Recorded January 7, 2003

Amended September 3, 2006

Record to:

Legal Description and Tax Parcel Numbers

Wind River Lots 1

Wind River Lots 2

Parcel #

04072631010100

04072620190500

04072631010200

04072620190600

04072631010300

04072620190200

04072631010400

04072620190300

04072631010500

04072620190800

04072631010600

04072620190900

04072631010700

04072620191000

04072631010800

04072620191100

04072631010900

04072620190700

04072631011600

04072620191200

04072631011100

04072620191300

04072631011200

04072620191400

04072631011300

04072620191500

04072631011400

04072620190000

04072631011500

04072620190400

04072631011000

04072631012300

04072631011700

04072631011800

Including:

04072631012100

04072620190100

04072631012200

Bylaws of the Wind River Community Water Association
(A nonprofit Association formed under the Washington State Revised Code,
Title 24)

Article I – Name, Purpose, Fiscal Year, Bylaws

The corporate name, the objects and purposes of the Wind River Community Water Association shall be as stated and provided in the Articles of Incorporation of the Wind River Community Water Association. The bylaws contained herein are the bylaws adopted by the Wind River Community Water Association, hereinafter also referred to as the Association. These bylaws may be amended at any time by a vote of the Membership as indicated in Article VIII. The fiscal year of the Association shall begin on the first day of January of each year.

Article II – Membership, Service Connections and Service to Non-members,
Voting

Section 1. All record owners of one or more lots in Blocks 1 and 2 of Wind River Lots I & II Subdivision in Skamania County, Washington, and contiguous properties served by the system, in good standing by not owing the Association any monies from assessments, charges and fees, and who have signed and returned a Membership Agreement for each lot or parcel of property so owned by the party which is to receive water service, shall be a Member of the Association. Each Membership shall relate to a specifically described parcel, and the owner thereof shall be entitled to water service only upon the parcel so described. An owner may hold multiple Memberships if he or she owns more than one parcel.

Section 2. If there is more than one owner of a parcel, the parcel owners shall designate one, and only one of the owners to represent that parcel as the Member. Such designation may include alternative designated Members who may replace the initial designated Member. All actions taken by the designated Member or the replacement shall be binding on all other owners of said parcel.

Section 3. However, physical connection to the system may be denied if the physical infrastructure or legal capacity of the Association is inadequate to supply the needs of its existing members and/or if it shall cause a financial hardship to its existing members. In the event of a shortage of water, the Association shall take appropriate measures to provide water to meet the needs of existing Association members before consideration of new connection applications.

Section 4. When a Member sells, transfers or conveys real property that receives or is entitled to receive water service from the Association, the transferring Member's Membership in the Association shall be transferred to the new owner as part of such transaction, providing the transferring Member is free from indebtedness to the Association. The transfer is only valid when noted on the books of the Association. It is the responsibility of the new owner to provide written notice of the change of ownership.

Section 5. Charges, fees and assessments that may be imposed from time to time by the Association, together with attorney's fees and costs reasonably incurred in collecting the same, shall be a personal obligation of the Member assessed, enforceable by the Association in a court of law. The charges, fees, assessments and attorney fees and other costs shall automatically follow the title to the real property and such property shall vest in any grantee, devisee or assignee subject to existing liens and charges.

Section 6. Service Connections and Service to Non-members.

A. All Members in good standing shall be eligible to purchase additional service connections upon written application to the Association, one connection per parcel owned. However, each Member shall be limited to one vote per parcel owned in all matters before the Membership requiring Membership approval. A written Member Agreement, in a form approved by the Board of Directors, shall be executed by the Member for each additional service connection requested and by the President of the Board of Directors. An agreement shall not be approved until the Board has determined that capacity exists to add such connection and payment of all required fees and connection costs have been made to the Association.

B. All service connections into the Association system shall meet the Association construction criteria. All service connections requiring distribution line extension shall be paid for by the applicant unless public funding has been approved including such connection within the stated scope of such project.

C. No new connections shall be approved until it is demonstrated that physical infrastructure or legal capacity permits the expansion of the service area of the Association.

D. Provided that there is sufficient water supply, water rights, and infrastructure capacity after the domestic and safety needs of its members have been met, the Association may provide water service to non members but in no event shall the Association deal in the sale of bulk water to non-members for an amount greater in value than thirty percent (30%) of total water production capability per month. The Association provides water solely for Domestic usage.

Section 7. Voting

A. Each member shall be entitled to one vote for each parcel on each matter submitted to vote at a meeting of the Members, regardless of how many connections and/or hookups they own. Any members more than three (3) months in arrears for payment of water service are no longer in good standing and shall not be entitled to vote at Membership meetings of the Association.

B. Voting shall be by authorized proxy ballot or in person at the membership meetings designated for business of the Association or other motions submitted to the members for a vote. Quorum shall be determined as set out in Article III below.

C. All elections and voting shall be conducted as stipulated in these bylaws. Only ballots prepared by the Board of Directors shall be used in any election. The voting policy, instructions

as to how to cast a vote, and a sample ballot or complete information regarding what is being considered for the vote shall be made available to those Members who shall be casting a ballot. If a Member requests a recount, the recount of votes shall be conducted by the Secretary and two members selected by vote from those present at the meeting and eligible to vote.

D. Membership Record - As a part of the records of the Association, there shall be kept an official Membership Record which shall contain a list of the parcels, noting the number of the parcel, the date when the Board was notified of any change of ownership, the number of service connections, and the name(s), physical address of the member(s), mailing address of the member(s) (if different), the name of the owner designated as the voting member, and a Board member signature. If the Member wishes to be notified by electronic mail of Association business, he or she may provide an electronic mail address to be included in the Membership Record.

E. Voting Record. The Treasurer, having charge of the membership records of the Association, shall make, at least thirty (30) days before each meeting or the commencement of the election process, a complete list of the Members entitled to vote in such election process or at such meeting or any adjournment thereof, arranged in alphabetical order. For any period of fourteen (14) days before such meeting or commencement of election process, this list shall be kept on file with the records of the Association, and any Member shall be entitled to inspect this list by appointment. All challenges and corrections of the Membership Record shall be filed during this open period. The final corrected record shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any Member at any time during the meeting. If the requirements of this section have not been substantially complied with, then upon demand of any member in person, the meeting shall be adjourned until the requirements are complied with. If no such demand is made, failure to comply with the requirements of this section shall not affect the validity of any action taken at such meeting.

F. Closing of Membership Record For the purpose of determining Members entitled to notice of, or to vote at, any meeting of the Members or any adjournment thereof, or in order to make a determination of members for any other proper purpose, the Board of Directors may provide that the membership books shall be closed for any stated period not exceeding fourteen (14) days. If the membership books shall be closed for the purpose of determining members entitled to notice of, or to vote at, a meeting of the members, such books shall be closed for at least fourteen (14) days immediately preceding such meeting. All challenges to the Membership Books shall be filed with the Treasurer no later than ten (10) days prior to closing of the books.

G. Extraordinary Matters Notwithstanding the provisions of this Article, the following actions shall require the affirmative vote or concurrence of forty percent (40%) (rounded up to the next full membership) of all of the Members of the Association:

- A. adopting an amendment or amendments to the Articles of Incorporation;
- B. authorizing the sale, lease, exchange or other disposition of all or substantially all of the property and assets of the Association, not in the usual and regular course of business;

C. approving a plan of merger, consolidation, or exchange that is required to be approved by the members.

D. adopting a resolution submitted by the Board of Directors to dissolve the Association;

E. adopting a resolution submitted by the Board of Directors to revoke voluntary dissolution proceedings.

Article III– Meetings of the Membership

Section 1. Annual Meeting The annual meeting of the Association shall be held on the first Sunday in September at 2:00 p.m., at the place designated by the Board of Directors. The purpose of the annual meeting is to elect Directors, if applicable, provide reports to the Members, and to transact such other matters as may properly come before the Members. A complete financial report showing all assets and debts of the Association will be provided.

Section 2. Special Meetings Special meetings of the members of the Association may be called at any time by the President upon a resolution of the Board of Directors, or upon a written petition to the President of the Board, signed by forty (40%) percent of the members. 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 Meeting Written or printed notice stating the purpose or purposes, place, day and hour of the annual or special meeting of the Membership shall be delivered not less than ten (10) or more than fifty (50) days before the date of the meeting, either personally, by electronic mail or by regular mail, by or at the direction of the President, or the Secretary, or the Directors. Notice shall be deemed to be delivered when properly addressed according to the records of the Association, and deposited in the United States mail or sent to the electronic mail address of the member. Notice of all regular meetings, other than the annual meeting, may be made by providing each Member with the adopted schedule of all regular meetings once annually, at least ten (10) days in advance of the next meeting at the time of notification.

Section 4. Quorum Twenty (20%) percent of the total membership in good standing of the Association, rounded up to the next whole number, shall constitute a quorum at any meeting of the membership. If a quorum is present, unless otherwise provided by law, the affirmative vote of 51% of the Members at the meeting entitled to vote on the subject matter shall be the act of the Members. After a quorum has been established at a Members' meeting, the subsequent withdrawal of Members shall not affect the validity of the meeting.

If less than a quorum is present at any meeting, those present may adjourn the meeting. Provided that proper notice of a special meeting is given all members in good standing of the Association, the lack of a quorum at said special meeting shall require a new petition. If less than a quorum is present at the annual meeting, it shall be rescheduled within seven (7) days. At the rescheduled annual meeting, the members present shall constitute a quorum for the transaction of business.

A majority of the Board of Directors shall constitute a quorum for meetings not requiring a majority vote of the Members.

Section 5. Each Member in good standing of the Association shall be entitled to one (1) vote at all meetings of the Members for each Membership held by such Member. Voting may be in person, or by duly authorized proxy ballot. Proxies must be presented to the Secretary before or at the beginning of the meeting in which they will be exercised. Any Member more than three (3) months in arrears for payment of water service is not in good standing and shall not be entitled to vote at Membership meetings of the Association.

Section 6. A majority vote of Members in good standing represented at any meeting either in person or by proxy ballot shall be required for all purposes unless otherwise provided herein.

Section 7. The following order shall be followed at all meetings of the Membership of this Association:

- a. Call to order, proof of notice of meeting and proof of quorum
- b. Reading of minutes of last meeting
- c. Report of President
- d. Report of Treasurer
- e. Report of any standing or special committees
- f. Unfinished business; and
- g. New business

At the annual meeting the following shall also be included:

- h. Election of Directors as necessary.

Article IV – Board of Directors

Section 1. Functions of the Board of Directors. A Board of five (5) Directors shall manage the business and affairs of this Association. The powers and responsibilities of such Board include:

- A. Selection of, and delegation of authority to Officers necessary for the management of the Association's business;
- B. Establishing policies for guidance of the management of the Association;
- C. Control of expenditures by authorizing budgets;
- D. Keeping members fully informed of business of the Association;
- E. Causing of audits to be made from time to time as is necessary or required by Federal and State Laws;
- F. Studying the requirements of members and promoting good membership;

G. Establishing of water charges, penalties, fees and the levying of assessments and the enforcement and collection thereof, in accordance with the provisions of these bylaws, equitable uniform rules and regulations and the Laws of the State of Washington.

H. Determining the need for and implementation of voluntary or mandatory water conservation actions for the water system.

Section 2. Indemnification of Officers and Directors. The Association shall indemnify any Officer or Director made a party to any proceeding by reason of the fact that such person is, or was, an Officer or Director of the Association against judgments, penalties, fines, settlements and reasonable expenses actually incurred by such person in connection with such proceeding. Such reasonable expenses may be paid or reimbursed by the Association in advance of the final disposition of such proceeding; PROVIDED that such provision shall not eliminate or limit the liability of said persons for acts or omissions that involve intentional misconduct or a knowing violation of law, or for any transaction from which the person will personally receive a benefit in money, property, or services.

Section 3. Election and Term of Board Members.

A. Elections and Terms of Board Members shall be in the manner provided in the Articles of Incorporation. The business and affairs of this Association shall be conducted and managed by a Board of Directors, consisting of five (5) members, all of whom shall be members in good standing of this Association, or delegated to represent a member in good standing with the Association by that Member. The members of the Board of Directors shall be elected biennially (every two years) from the membership of the Association, for staggered terms of four (4) years each. The purpose of the election every two (2) years is to provide a system of staggered four (4) year terms, so that three (3) Directors will be elected in one (1) year and two (2) years later the other two (2) Directors shall be elected. The members of the Board of Directors shall not be eligible to be employees of the Association or compensated for their duties as Directors of the Association.

B. The staggering of the terms begins with the election of the three Directors at the Association's elections in 2006, and it shall be as follows. The three elected Directors whose 4-year terms will expire in September 2010 shall be defined as #1, #2, #3. The two Directors who have 2-year respective terms ending in 2008 shall be designated as positions #4, and #5. Positions #1, #2 and #3 are designated and elected as four year terms; positions #4 and #5 are designated as two year terms. The two Directors in positions #4 and #5 shall stand for election in the 2008 election; the successful candidates in the 2008 election shall be elected to serve four-year terms. The three Directors in positions #1, #2 and #3 shall serve terms of four years initially and thereafter.

C. Every elected member of the Board of Directors shall be limited to serving two consecutive terms, or a maximum of eight consecutive years, or six consecutive years in the case of the first two terms of positions #4 and #5. At the conclusion of the maximum of eight consecutive years, the Director shall sit out the third four-year term. After sitting out the third four-year term, the

Director is then eligible to run again for two new four-year terms. However if there is no suitable candidate willing to serve, a retiring Director may be re-elected.

D. Conflicts of Interest. The following conflicts shall disqualify a Member from being eligible for election to the Board of Directors:

1. Any Member who has been convicted of a crime that is designated under federal and/or state law as a felony or been convicted of a crime involving dishonesty or false statement, shall not be eligible to serve on the Board of Directors. A Member who has filed for individual bankruptcy within the past 7 years may not serve as Treasurer or have signature authority on any account of the Association.

2. Any Member who is related by marriage, or by close kinship (i.e. child, parent, sibling, uncle or aunt, or first degree cousin to a standing Director) shall not be eligible to serve on the Board of Directors. However, if no unrelated member is qualified and willing to serve on the Board of Directors, two related members may serve as Directors, but in no case will related members serve as President and Treasurer or execute financial instruments of the Association together.

3. Any Member who is a current Director of any other water Company, whether private or public, or water management Company, shall not be eligible to serve on the Board of Directors.

Section 4. Election and/or Meeting of the Officers. The Board of Directors shall meet within thirty days after the holding of the election and shall elect among themselves a President, Vice-President, Secretary, Treasurer and a Director at Large from among themselves, each of whom shall hold office through the next annual membership meeting and until the election and qualification of his or her successor unless removed by death, resignation, or for cause, including loss of membership in good standing.

Section 5. Compensation of Directors. The members of the Board of Directors shall receive no compensation for their services as Directors. However, training and related expenses that would enable a Board Member to perform more effectively on behalf of the Association shall be eligible for reimbursement. Reasonable expenses incurred on behalf of the Association, and with the approval of the Board, shall be eligible for reimbursement.

Section 6. Meetings of the Board of Directors. The Board shall hold meetings at such regular intervals as stated in these bylaws and at other times as necessary and properly convened. Except in emergency situations, advance notice of meetings shall be given in a manner to provide actual and timely notice to the Directors. Notice may be given in person, by mail, by telephone, or electronically. Attendance in person at meetings is preferred, but a Director may participate by telephone if he/she is unable to be present in person. A majority of the Board at any meeting shall constitute a quorum for the conduct of business thereat. If at any time during the meeting the quorum is destroyed, the Board cannot continue the meeting and the meeting shall be adjourned. All meetings of the Board are open to the membership/public as required by the Open Meetings Laws of the State of Washington. Members of the Association who wish to be notified in advance of meetings of the Directors shall provide contact information to the

Secretary; contact information shall be their electronic mail address or by providing self addressed envelopes including sufficient postage thereon for mailing notice of meetings.

Section 7. Powers of the Board. The Board of Directors shall have the general power to act for the Association in any manner not prohibited by Statute or the Articles of Incorporation. If the Association shall, at any time, borrow or receive by way of grant, any property of the United States and /or the State of Washington, through any of its agencies, the Board of Directors shall pursue such management methods, including accountings and audits, as such agency may prescribe, or as is consistent with Generally Accepted Accounting Principles.

Section 8. Vacancies. If the office of any member of the Board of Directors becomes vacant by reason of death, resignation, retirement, disqualification or otherwise, except by removal from office by the membership, a majority of the remaining Directors, though less than a quorum shall by a majority vote, choose a successor who shall hold office and the Directorship position until the next annual meeting of the members of the Association, at which time the members shall elect a Director for the un-expired term or terms, providing that in the call of such regular meeting a notice of such election shall be given.

Section 9. Removal of Member of the Board of Directors. Any member of the Board of Directors, which includes any Officer, may be removed from office for cause shown, by a vote of not less than twenty percent (20%) of the members of the Association present at any annual meeting, or at any special meeting called for that purpose, provided that a quorum is present. A Director or Officer shall be considered for removal under this section upon the filing of a petition signed by no fewer than twenty percent (20%) of the record Members in good standing of the Association, and such petition shall only be available at the address of the registered agent of the Association, or alternatively by a letter sent to the registered agent by registered mail return receipt requested. The Director or Officer shall be informed in writing of the charges against him/her at least ten (10) days before such meeting. The Director/Officer may appear in person or by counsel and present witnesses and evidence in his/her behalf. Employees or agents may be removed from office or employment at any time by action of the Board of Directors.

Section 10. Self Removal of Members of the Board of Directors. Any member of the Board of Directors who fails to attend as many as three regularly scheduled consecutive meetings of the Board of Directors in a one year period and without prior notification and cause shall be deemed to have resigned from the Board.

Section 11. Authorization to Release Funds. No money shall be paid out of the Association or its bank account except upon the authorization of two (2) of the four (4) persons holding the office of President, vice-President, Secretary or Treasurer, except as limited elsewhere in these Bylaws. The Treasurer shall keep a complete record of all income and all disbursements, and that record shall be reviewed at each meeting of the Directors.

ARTICLE V - Duties of Members of the Board of Directors

The members of the Board of Directors shall have all duties contained in Article IV, and additionally the Officers of the Board shall have the following duties:

Section 1. Duties of the President. The President shall preside over all meetings of the Association and the Board of Directors, shall call special meetings of the Board of Directors and perform all acts and duties usually performed by an executive and presiding Officer. He or She shall sign all notes, bonds, mortgages, contracts and other instruments on behalf of the Association. He or she shall be an ex-officio member of all standing committees and shall have such powers and shall perform such other duties as may be properly required of him or her by the Board of Directors. He or She shall supervise any employees or agents of the Association.

Section 2. Duties of the Vice-President. The Vice-President, in the absence or disability of the President, shall perform the duties of the President. However, in case of death, resignation or disability of the President, the Board of Directors may declare the office vacant and elect his or her successor, to fill the un-expired portion of the President's term.

Section 3. Duties of the Secretary. The Secretary, unless otherwise directed by the Board of Directors, shall:

- A. keep a complete record of all meetings of the Association and of the Board of Directors;
- B. attest the President's signature on all papers pertaining to the Association;
- C. keep the corporate seal, complete and attest all certificates issued and affix said Association seal to all papers requiring seal;
- D. prepare mail or notices required by law and by these bylaws;
- E. serve, mail, or deliver all notices required by law and by these bylaws;
- F. make a full report of all matters and business pertaining to his or her office to the members at the annual meeting, or at such other time or times as the Board of Directors may require;
- G. by appointment as to time and place, the secretary shall permit members to inspect and copy the books and records of the Association.
- H. upon the election of his or her successor, the Secretary shall turn over to him or her all books and other property belonging to the Association that he or she may have in his or her possession.

Section 4. Duties of the Treasurer. The Treasurer shall be covered in the performance of his or her duties by a surety bond or appropriate Directors and Officers Insurance in an amount to be determined by the Board of Directors. The premium for such bond shall be paid by the Association. Unless otherwise directed by the Board of Directors, the treasurer shall:

- A. have general charge and supervision of the financial books and records of the Association, which shall be maintained in a clear, current and accurate manner showing all receipts, expenditures, assets and liabilities;

B. maintain a record of the indebtedness of the Association and to the Association;

C. maintain a record of the payments made and the current condition of all accounts, including Member accounts;

D. make a full report of all matters and business pertaining to his or her office to the members at the annual meeting, and at such other time or times as the Board of Directors may require;

E. provide the Secretary with current Member status reports as needed;

F. collect all assessments and monies due the Association and deposit same in the depository designated by the Board of Directors, and initiate those legal actions required to collect monies due the Association;

G. disburse funds or assure that disbursement to meet the encumbrances of the Association is conducted under his or her direct guidance and oversight, keep the Association current of all compliance reports and accounts payable, and shall make a report on the business transacted by him or her on a monthly basis or as requested; and

H. upon the election of his or her successor, the Treasurer shall turn over to him or her all books and other property belonging to the Association that he or she may have in his or her possession.

Section 5. Duties of Director at Large Shall respond to assignments delegated by the President of the Board of Directors. The Director at large may be requested to substitute at a meeting of the Board of Directors in any of the regular offices of the Association and/or to assume co-chairmanship of any committee the Board or the membership may see fit to establish. Upon election of a successor, he or she shall relinquish any and all property of the Association. However, he or she retains any and all co-chairmanships of committees which may have been assigned and which have not been terminated by completion of his or her work or by other action of the Board.

Section 6. Guardian and Custodian of the Records. The Guardian and Custodian shall be the Secretary of the Board of Directors. His/her function is to maintain the records of the Association including financial and membership records provided by the Treasurer according to the requirements of law and the rules and regulations of the Association and to make them available upon receipt of a written request from any voting Member in good standing in compliance with applicable State Laws. A written request shall provide the name, address and telephone number of the person seeking access to the records and shall identify the records sought with reasonable particularity. The Association reserves the right to charge for copying the documents requested.

Section 7. Other Employees or Agents. The Board of Directors may hire a manager, certified operator, meter reader, bookkeeper, and other agents/contractors or employees, which may be necessary to superintend the water system of the Association and its construction, operation, maintenance and repair. Such agents/contractors or employees may be authorized by the Board

of Directors under its direction and pursuant to its rules and regulations to provide for the delivery of water service to the members of the Association. Such agents or employees shall be paid a compensation for the performance of their duties in an amount determined by the Board of Directors and paid from the funds of the Association.

Section 8. Performance Bond. Officers and/or contractors and employees of the Association who have the authority to sign financial documents and funds of the Association shall be covered in the performance of their duties by a surety bond or appropriate Directors and Officers Insurance, in an amount to be determined by the Board of Directors. The Association shall pay the premium(s) for these bonds.

ARTICLE VI - Water Charges, Assessments, and Distribution of Services

Section 1. Providing Water Services. Water shall not be collected and delivered by the systems of the Association except to users who are approved Members of the Association or have been approved by the Board of Directors to receive service as non-members, as set out in the Association's Rules and Regulations. Service connections shall be made only upon application to, and approval of, the Board of Directors and upon payment of a fee specified in the Association's Rules and Regulations. All members and connected users shall pay a minimum maintenance fee regardless of whether or not they use the water. Such connections do not guarantee state or county determination that sufficient water is available for service connection.

Section 2. Establishing Rates and Budget. The Board of Directors shall establish an annual maintenance fee, assessment for improvement and various fees and charges for services performed. Penalty charges for late payments, vandalism to Association property and other penalties determined by the Board will be described. The established fee schedule shall apply to each member and each Service Connection by the approved fee schedule then in effect. The Board of Directors shall review the established fee schedule of charges at least annually, to assure that sufficient income shall be generated for the upcoming year to cover anticipated expenses. This determination shall be based on the previous year's actual expenses and the estimated budget for the coming year. The fee schedule may include funds needed to establish and maintain reserve cash funds. The Board shall make a presentation of the fee schedule to the membership at the annual meeting.

Section 3. Assessments.

A. If at any time prior to the end of any fiscal year, it appears in the judgment of the Board of Directors that the amount derived, or which shall be derived, from the collection of maintenance charges during any fiscal year shall be insufficient to pay, when due, all costs incident to the operation of the Association's system(s) and the payment of all debts of the Association, the Board shall make and levy an assessment against each member in the Association so that the total amount reasonably expected to be collected from maintenance charges and other charges will fully pay, when due, all cost of operation, maintenance, replacement and repayments on indebtedness, or other expenses of the year's operation.

B. Notwithstanding the terms of this Article, any long-term government loans shall not be paid in full in any fiscal year unless the Members shall vote to take such an action at the Annual Meeting or Special meeting called for such purpose, except for the last year in the term of such government loan.

C. If any monies collected by the Association are in excess of the expected capital expenses, operation and maintenance expenses, reserve funds, emergency repair funds, or other such designated budget items for reasonably expected expenses of the Association, then the Board may designate such funds as "Excess Funds" subject to refund by way of a credit to the service charges and other charges of Members and non-Member users who receive water service. Qualifications and percentage distribution of the credits shall be determined by the Board in its resolution approving the refund.

Section 4. Establishing Reserve Funds. Although this Association is a non-profit cooperative Association for the mutual benefit of its members, the Board shall establish rates at a level which provides for no less than ten (10%) percent of annual operating expenses to be placed and maintained in a fund to be used for the purpose of meeting contingent, future and unforeseen expenses of the Association. The Board of Directors shall determine at least annually and from time to time the total amount of such contingent funds which shall be maintained.

Section 5. Discontinuance of Service by the Association. The Association may refuse to connect, or may discontinue service, for violations of any of these bylaws or operating rules and regulations, including failure to pay assessments, fees or maintenance charges when due, for failure to pay when due any charge set forth on the Association's fee schedule, for theft of water, illegal sale of water or other service, for illegal diversion of water, for failure to pay any indebtedness, or for damage to the Association's property. The discontinuance of service for any of these causes does not in any way release the Member from his or her obligation to pay for water received, or for charges or fees specified in any existing rate schedule. The Board shall act after a written notice of delinquency has been sent to the delinquent member or user by mail, or by posting on premises of the service meter or location if the Member's correct mailing address is not registered with the Secretary.

Section 6. Liens The lien for any charge or assessment that remains unpaid for a period of ninety (90) days may be recorded against the real property accruing such debt, and after six (6) months after it has accrued may be foreclosed against the real property to which it is related by a suit in a court of the State of Washington. The Association shall be entitled to recover its costs and such attorney's fees as the court may deem reasonable in the lien foreclosure action as part of its lien.

Section 7. Water Supply Shortages: In times of water shortage or drought as determined by the Board of Directors, the Board shall determine if required, and, if so, how water rationing rules shall be applied. The following sequence of priorities shall govern the delivery of water:

A. Water shall first be delivered for in-door domestic uses, with volumes delivered to each household set at a maximum quantity to protect the health and safety of the water users according to the Rules and Regulations of the Association.

B. If sufficient supplies exist, Water shall next be delivered for gardens, orchards, and other landscape purposes, subject to mandatory conservation measures set out in the Rules and Regulations of the Association.

ARTICLE VII -Other

Section 1. Meters. All meters are the property of the Association and are permanently fixed at their respective service locations. Therefore, no meter is transferable from the property that it is intended to serve to any other location or property. In the event of the sale, transfer, assignment, lease or conveyance of the subject property by the owner of record, all of the rights to service from the meter that serves the subject property shall automatically be included in the sale, transfer, assignment, lease or conveyance of that property. This also applies to all duly authorized service connections that have inoperable meters or where no meters exist. In the event that a dwelling or place of service is permanently discontinued or eliminated by the owner of record and Membership relinquished, the Association may, in its sole discretion, elect to either remove the meter or retain the meter at its location to provide service for possible future users.

Section 2. New Connections. New application for service connections shall be considered, provided that: the Association has adequate infrastructure capacity; the system meets the current needs of its members; the Association has considered the revenue requirements of all members; the Association has determined that new service connections shall not cause undue hardship to the Association and the system; new applicants bring or pay for water rights and all expenses associated with the new connections; and the applicant complies with the Association Articles of Incorporation, Bylaws and Rules and Regulations.

Section 3. Inspection of Association Records. Any person who is a Member in good standing of the Association shall have the right, for any proper purpose and by appointment at a reasonable and agreed upon time, on written request stating the purpose thereof, to examine and request copies from the relevant books and records of accounts, minutes, and records of the Association that are subject to review under applicable Federal and State Statutes. But at no time shall any of the records be removed from the control of the person officially responsible for their maintenance, and any request for copies shall be made to the person officially responsible for their safekeeping. The cost of copies shall be a reasonable sum.

Section 4. Ownership of the Water System. All water supplies, including ground water wells, storage facilities, meters, distribution lines and service lines between the storage facilities and water supply diversions, and up to and including the property meter belong to the Association.

ARTICLE VIII - Amendments

These bylaws may be repealed or amended by a vote of 60% of the members in good standing present in person or by proxy at any properly convened annual meeting of the Association, or at

any special meeting of the Association called for that purpose, provided that a quorum of 20% of the membership in good standing is present. Except that so long as any indebtedness is held by or guaranteed by Federal or State agencies, the members shall not have the power to change the purposes of the Association 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 Association or its members, or to amend the articles as to effect a fundamental change in the policies of the Association without prior approval of the interested Federal or State agencies.

We the undersigned below Secretary and President of the Wind River Community Water Association, an Association existing under the laws of the State of Washington, hereby certify that the above is a true and correct copy of the bylaws, together with all amendments thereto as of this 22 day of September, 2006 which were duly adopted on Sept. 3, 2006

Michael J. Haider
Secretary

(Seal)

Joanne Reginalds
President