

BYLAWS OF  
PETE'S MOUNTAIN WATER COMPANY

ARTICLE I

Definitions

As used in these bylaws the following terms shall have the following meanings:

"Company" means Pete's Mountain Water Company, an Oregon nonprofit corporation. The Company purchased Pete's Mountain Water Co., Inc., a private water company providing domestic water to its current customers in Clackamas County, Oregon and the two companies merged with the Company as the surviving organization.

"Member" means a person or entity that has applied for and been accepted as a member of the Company.

"Member in Good Standing" means such a Member who is current as to all fees and assessments required by the Company and who is not in violation of any provision of these bylaws or any other obligations required by this Company as to all Members.

"Delinquent Member" means a Member who is more than sixty (60) days in arrears in their assessments, fees or other obligations under these bylaws or the rules and regulations adopted hereunder.

ARTICLE II

Members and Membership

Section 1. Eligibility. Membership in the Company shall be limited to persons or entities that own or occupy property within the Company's service area as determined by the Board of Directors. Membership has been offered to all customers of Pete's Mountain Water Co., Inc. at the time the Company acquired the water system for a limited open-enrollment period. Membership in the Company is a requirement for taking service from the Company. Multiple owners or occupiers of a property served by the Company will be considered a single Member for purposes of these bylaws.

Section 2. Application for Membership and Water Service. Application for membership shall be made to the Secretary and be subject to the approval of the Board of Directors.

Section 3. Obligation of Members. Each Member shall abide by the articles of incorporation and bylaws of the Company, and such rules and regulations as may be promulgated by the Board of Directors.

Section 4. Transfer of Membership. Members in Good Standing may transfer or assign their Membership interest to a new owner or occupier of the subject property served by the Company upon application to the Secretary. The Board of Directors may impose reasonable charges upon transferees for the addition of the name(s) of the new owner(s) or occupier(s) upon the Company's records and for the costs involved in terminating services for the outgoing Member(s) and initiating services for the incoming Member(s). All amounts charged for such services shall be applied uniformly.

## ARTICLE III

### Meetings of Members

Section 1. Annual Meeting. The annual meeting of Members of the Company shall be held in June of each year at such time and place as may be designated by the Board of Directors.

Section 2. Special Meetings. Special meetings of the Members may be held at any time on call of the President, the Vice President, a majority of the Board of Directors, or one-third (1/3) of the Members of the Company.

Section 3. Notices. Notice for each annual and special meeting of the Members shall be given to each Member at least fourteen (14) days prior to the date of the meeting, by mailing the same to each said person at the address as last shown on the records of the Secretary or such other electronic notification provided by the member. Notices of special meetings shall state the purpose of such meeting. Each notice shall be deemed to have been given when deposited in a U.S. Post Office, with first-class postage thereon fully prepaid, or upon delivery by email.

Section 4. Quorum. The Members in Good Standing present in person at the meeting of the Members or represented by written proxy shall constitute a quorum at that meeting.

Section 5. Vote. Each Member may cast one vote. Members may vote by proxy. If more than one person or entity represents a single membership, only one ballot will be accepted. If there is a dispute among the co-owners, the conflicting ballots will be rejected.

## ARTICLE IV

### Board of Directors

Section 1. Number and Positions. The corporate powers of the Company shall be vested in a board of seven (7) Directors, who shall be elected by a plurality of votes cast by the Members.

Section 2. Qualification of Directors. To be eligible for office, a Director must be a Member in Good Standing with the Company at the time of election and throughout their term.

Section 3. Election of Directors. The initial members of the Board were designated by the organizers of the Company and the informal organizing committee. These persons have been given staggered terms of office of one to three years. All of them will stand for election for such terms at the initial annual meeting of the Members. Thereafter, directors for vacant or expiring terms shall be elected by the Members at the annual meeting of the Members. The term of office for regularly elected Directors shall be three (3) years. The term of each Director shall begin with the meeting at which the Director shall have been elected and shall end at the time their successor shall have been elected. The election of Directors shall be by written ballot. As soon as the votes shall have been counted, the President shall declare the persons receiving the highest number of votes to be elected Directors of the Company. Such declarations shall be entered upon the minutes of the meeting.

Section 4: Removal of Directors. The Board may initiate removal action against a sitting Director who has not attended at least two (2) out of the preceding four meetings of the Board of Directors by sending to such Director a notice by certified mail, return receipt requested, informing such Director of the proposed action and informing such Director that the question of removal will be on the agenda of

the next regular Board meeting. The Director receiving such notice may attend the next regular Board meeting and shall be given an opportunity to explain his or her absence.

Following such discussion, the Board of Directors (including the subject member of the Board of Directors) shall vote on the question of removal. Such Director shall be removed from office if at least four (4) members of the Board of Directors vote in favor of such removal. A Director may also be removed by a majority vote of the Members at any special meeting of the Members called for that purpose.

## ARTICLE V

### Meetings of Directors

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held quarterly subject to call of the President.

Section 2. Special Meetings. Special meetings of the Board of Directors may be held at any time on call of the President or any two (2) Directors.

Section 3. Notice. Notice of all meetings of the Board shall be given to the members of the Board of Directors at least seventy two (72) hours prior to the time of the meeting. Any board member may waive such notice by filing a waiver in writing with the Secretary or by attending the meeting unless such member announces at commencement of the meeting his or her attendance is solely to contest the adequacy of the notice.

Section 4. Quorum. Four (4) Directors shall constitute a quorum.

## ARTICLE VI

### Vacancies in the Board of Directors

Section 1. Vacancies in the Board of Directors. Vacancies in the Board of Directors shall be filled by an affirmative vote of a majority of the remaining Directors.

Section 2. Duration of Service. The duration of service by a Director so appointed to fill a vacancy shall serve until the next annual meeting of members. At such meeting the members will select a member to serve the remaining term of the vacating Director.

## ARTICLE VII

### Power and Duties of the Board of Directors

The Board of Directors shall have the following power and duties:

- a) To call special meetings of the Members of the Company whenever the Board deems it necessary or advisable to do so.
- b) To appoint and remove, at the pleasure of the Board, all officers, agents, and employees of the Company; to prescribe their duties; to fix their compensation; and to require

and obtain such security as the board deems proper for the faithful performance of the duties and obligations of any officer, agent, or employee of or person under contract with the Company.

c) To conduct, manage, and control the business and affairs of the Company, and to make rules and regulations not inconsistent with the laws of the United States or the State of Oregon or the bylaws of the Company, for the guidance of the officers in the management of the business and affairs of the Company.

d) To cause correct and complete minutes to be kept of all meetings of the Members and of the Board; to supervise the acts of the officers, agents, and employees of the Company; to require the Treasurer to cause to be kept full and accurate books of account; and to prescribe the mode and form for keeping the books.

e) To establish the assessment for membership and rates for service for the Members.

f) To enter into agreements with providers and other distributors of water for the sale and purchase of water.

g) To cause the monies of the Company to be safely kept, directing where the same shall be kept and deposited and prescribing the method for the withdrawal thereof.

h) To terminate the water supply or any other facility or service provided by the Company to any Member if such Member is not current in the payment of assessments, fees or other charges lawfully imposed or otherwise is in violation of these bylaws or of any rule or regulation adopted by the Board of Directors of the Company. Such service shall not be recommenced until the delinquency or violation shall have been cured and all applicable provisions of Article X of these bylaws have been fully performed by such Delinquent Member, or other adequate arrangements made to the satisfaction of the Company.

i) To adopt rules, regulations and rates to effect any of the above.

j) To do any and all other acts and make any and all determinations that the board of a nonprofit corporation may lawfully do or make under the laws of the State of Oregon and consistent with its tax-exempt status under federal and state law.

## ARTICLE VIII

### Officers

Section 1. Designation and Qualifications. The officers shall consist of a President, Vice President, Secretary, and Treasurer. All officers shall be elected by the Directors from their membership as soon after the annual meeting of Members as may be practical. The Board of Directors may elect others officers at its discretion.

Section 2. President. The President shall preside at all meetings of the Members and of the Directors. Subject to the direction of the Board of Directors, the President shall be the executive head of the Company and its business, and the President shall call meetings of the Board of Directors whenever the President deems it necessary to do so.

Section 3. Vice-President. In the absence of the President, the Vice President shall perform the duties of the President.

Section 4. Secretary. The Secretary shall cause to be kept minutes of the meetings of the Members and of the Board of Directors, a record of the Board of Directors, and a record of the names and addresses of all the Members.

Section 5. Treasurer. The Treasurer shall cause to be kept safely all monies belonging to the Company by depositing the same in one or more Insured Accounts. The Treasurer shall make disbursements on order of the Board of Directors, and shall make such reports as the Board of Directors may require. The Treasurer shall perform such other duties pertaining to the office of Treasurer as may be prescribed by the Board of Directors. Any disbursements of \$1000 or more will require the signature of at least two officers.

Section 6. Agents. The Board of Directors may employ or engage third parties to perform all or some of the duties of the Secretary or Treasurer under the supervision of such officers or the Board of Directors.

## ARTICLE IX

### Nominations

Section 1. Nominations by Board of Directors. Not less than sixty (60) days prior to each annual meeting of the Members, the Board of Directors shall nominate candidates for the expiring Director terms and shall report its nominations to the Members in Good Standing.

Section 2. Written Nominations by Members in Good Standing. Within thirty (30) days following receipt of the nominations made by the Board of Directors, any Member in Good Standing may nominate any other Member meeting the qualifications as set forth in Article IV, Section 2, including themselves, to serve as Director, by written nomination delivered to the Secretary.

## ARTICLE X

### Assessments, Fees, and Other Charges

Section 1. Membership Fee. The membership fee shall be fixed by the Board of Directors. Each applicant for membership shall pay the membership fee to the Treasurer as a prerequisite to becoming a Member. One membership fee shall be charged as to each of the separately metered parcel or premises served by the Company.

Section 2. Access and usage fees. The access and water usage fees shall be fixed by the Board of Directors. They shall be due no sooner than 15 days after billing and delinquent 60 days thereafter.

Section 3. Assessments. Subject to approval by members, special assessments may be levied by the Board of Directors for the purpose of paying the cost of construction, improvement, maintenance, repair or operation of any facilities for the benefit of the Members and shall be payable in such amounts and at such times and places as the Board of Directors may provide. All special assessments shall be prorated among the Members of the Company unless the assessment is uniquely beneficial to a Member or group of Members who request the improvement (or a subset of Members who uniquely benefit from such improvement). Special assessments to be valid must be approved in advance by at least a majority of the Members at an annual or special meeting called for such purpose.

## ARTICLE XI

### Distribution of Surplus Funds

As a non-profit membership benefit corporation, it is not anticipated that there will be any surplus funds. Each year, the Board of Directors will review the income and expenses of operations, its debt service requirements and the setting aside of reserves for equipment replacement, anticipated capital expenditures and system improvements, as well as a reserve to cushion any unanticipated costs or expenses. If there are funds in excess of the reasonable needs of the Company, the Board may decide to reduce rates and fees for its services or return excess funds to the Members of the Company.

## ARTICLE XII

### Books and Papers

The books and records of the Company, and such papers as may be placed on file by vote of the Members or Directors, shall at all times, at reasonable hours, be subject to inspection and copying by any Member.

## ARTICLE XIII

### Indemnification of Officers and Directors

The Company shall indemnify and hold harmless each officer and Director who is made a party or is threatened to be made a party to any action, suit or proceeding by reason of the fact that they are or were an officer or Director, against all expense, liability and loss, to the fullest extent permitted by Oregon law as then in effect. The right of indemnification shall include the right to be paid the expenses incurred in defending any such proceeding in advance of the final disposition; provided, however, that the payment of such expenses in advance of the final disposition of a proceeding shall be made to or on behalf of such person only upon the delivery of a written undertaking to repay all amounts so advanced if it shall ultimately be determined that such person is not entitled to be indemnified under this article.

## ARTICLE XIV

### Contracts

No contracts made or entered into by any of the officers of the Company shall be valid without the previous authorization or subsequent ratification of the Board of Directors.

## ARTICLE XV

### Rules and Regulations

Rules and Regulations governing the operations of the water system and the assessments, fees and obligations of the Members shall be adopted by the Board of Directors. The current Rules and Regulations shall be published and kept with the records of the Company and open to inspection by any

Member. The Secretary shall transmit to each Member according to the contact information provided by that Member, a complete and accurate copy of the current Rules and Regulations of the Company upon request. Should the Board of Directors make any material amendment or modification to Rules and Regulations, a fair written summary of such changes will be sent to all Members within 30 days of their adoption, and the current revised Rules and Regulations will be posted on the Company's website. Amendments or modifications to the Rules and Regulations can be proposed by Members for a vote by calling for a special meeting of Members as provided in Article III.

## ARTICLE XVI

### Amendments

The bylaws may be altered, amended, revoked, or suspended by a vote of least four (4) members of the Board of Directors, or at any annual meeting or any special meeting of the Members called for that purpose, upon a two-thirds majority vote of the Members present or represented by written proxy at said meeting.

Amended Effective May 28, 2018