

41-00112

BYLAWS
OF

CIMMARRON CITY WATER CO., INC.

RECEIVED
JUN 17 2003
TECHNICAL SERVICES
DRINKING WATER PROGRAM

ARTICLE I
General Purposes

The purposes for which this corporation is formed, and the powers which it may exercise are set forth in the articles of incorporation of the corporation.

ARTICLE II
Name and Location

Section 1. The name of this corporation is the Cimmarron City Water Co., Inc.

Section 2. The principal office of this corporation shall be located in the City of Bend, County of Deschutes, State of Oregon.

ARTICLE III
Seal

Section 1. The seal of the corporation shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporation Not for Profit".

Section 2. The secretary of the corporation shall have custody of the seal.

Section 3. The seal may be used for causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE IV
Fiscal Year

The fiscal year of the corporation shall begin the 1st day of September in each year.

ARTICLE V
Membership

Section 1. Membership shall be limited to those who obtain the organization's services, acquire a tangible interest in its assets in proportion to the business done with the organization and have a voice in its management.

Section 7. The termination of the membership of any member shall not disqualify for membership any other person who has or obtains an interest in the property of the terminated member and who otherwise meets the requirements of these bylaws.

Section 8. In the event a member's property interest is divested other than by voluntary means, such member's membership will pass to the trustee, receiver, executor, or the like who will be entitled either in person or through a designated representative to exercise all of the rights incident to such membership, but subject to such duties and liabilities also applicable to the membership. The trustee, receiver, executor, or the like, may terminate such membership by written notice to such effect delivered or mailed to the secretary of the corporation. Upon the final disposition of such property rights, the owner thereof shall be entitled to membership in like manner as if the membership had been transferred to him by the original member as set forth in Section 4 above.

Section 9. Upon the transfer of a membership, the transferor shall remain liable for the payment of any past due amounts. The corporation may seek collection from the individual who incurred such charges or assessments or from the property itself if a lien had been duly perfected against such property. In addition, the corporation may withhold water service from the property until all past due amounts to the corporation are paid in full.

ARTICLE VI Membership Certificates

Section 1. This corporation shall not have capital stock. Membership in the corporation shall be represented by membership certificates. Such certificates shall represent the right to use and enjoy the benefits of the corporation's water supply system upon the payment of necessary assessments, if any, and of reasonable charges based upon such use, provided such use and enjoyment are consistent with the rules, regulations, and contracts affecting the same as may from time to time be prescribed by the Board of Directors.

Section 2. A membership certificate shall be issued to each holder of fully paid membership, numbered consecutively in accordance with the order of issue, and bear on its face the following statements:

This membership certificate is issued and accepted in accordance with and subject to the conditions and restrictions stipulated in the articles of incorporation and bylaws and amendments to the same of Cimmarron City Water Co., Inc. an Oregon non-profit corporation.

ARTICLE VIII
Directors and Officers

Section 1. The Board of Directors of this corporation shall consist of seven members, all of whom shall be members of the corporation. The directors named in the articles of incorporation shall serve until the first annual meeting of the members and until their successors are elected and have qualified. At the first annual meeting of the members under these bylaws, two directors shall be elected for a term of one year; two directors for a term of two years; and three directors for a term of three years. At each annual meeting thereafter, the members shall elect for a term of three years the number of directors whose terms of office have expired. Each director shall hold office for the term for which he is elected and until his successor shall have been elected and qualified.

Section 2. The Board of Directors shall meet within ten (10) days after the annual election of directors and shall elect a president and vice-president from among themselves and a secretary-treasurer who need not be a member of the Board of Directors, each of whom shall hold office until the next annual meeting and until the election and qualification of his successor unless sooner removed by death, resignation or for cause.

Section 3. If the office of any director becomes vacant by reason of death, resignation, retirement, disqualification or otherwise, except by removal from office, a majority of the remaining directors, shall by a majority vote, choose a successor who shall hold office until the next regular meeting of the members of the corporation, at which time the members shall elect a director for the unexpired term or terms.

Section 4. A majority of the Board of Directors shall constitute a quorum at any meeting of the board. The affirmative vote of the majority of the directors at a meeting which a quorum is present shall be the act of the board.

Section 5. Compensation of officers and directors may be established only at any regular or special meeting of the members of the corporation.

Section 6. Officers and directors may be removed from office in the following manner: Any member, officer or director may present charges against a director or officer by filing them in writing with the secretary of the corporation. If presented by a member, the charges must be accompanied by a petition signed by ten percent of the members of the corporation. Such removal shall be voted on at the next regular or special meeting of the members and shall be effective if approved by a vote of a majority of those voting if a quorum is present. The director or officer against whom such charges have been presented shall be informed, in writing, of such charges at least twenty (20) days prior to the meeting, and shall have the opportunity at such meeting to be heard in person or by counsel and to present witnesses; and the person or persons presenting such charges against him shall have the same opportunity. If the removal of a director is approved, such

budget for the ensuing year. Copies of such audits and budgets shall be submitted to such parties as may be required by other agreements.

- F. To fix and alter the charges and/or assessments to be paid by each member for services rendered by the corporation to the member, including but not limited to connection fees where such are deemed to be necessary by the directors, and to fix and alter the method of billing, time of payment, manner of connection, and penalties for late or nonpayment of the same. The board may establish one or more classes of users. All charges and/or assessments shall be uniform and nondiscriminating within each class of users.
- G. To require all officers, agents and employees charged with responsibility for the custody of any of the funds of the corporation to give adequate bonds, the cost thereof to be paid by the corporation, and it shall be mandatory upon the directors to so require.
- H. To select one of more banks to act as depositories of the funds of the corporation and to determine the manner of receiving, depositing, and disbursing the funds of the corporation and the form of checks and the person or persons by whom the same shall be signed, with the power to change such banks and the person or persons signing such checks and the form thereof at will.
- I. To levy assessments against the members of the corporation in such manner and upon such proportionate bases as the directors deem equitable, and to enforce collection of such assessments by the suspension of water service or other legal methods, including filing of liens. The Board of Directors shall have the option to suspend the service of any member who has not paid such assessment within 30 days from the date the assessment was due, provided the corporation initially must give the member at least 15 days written notice at the address of the member on the books of the corporation of its intention to suspend such service if the assessment is not paid. Upon payment of such assessment, any penalties applicable thereto, and a reconnection charge, if one is in effect, service will be promptly restored to such member.

ARTICLE X Duties of Officers

Section 1. Duties of President. The President shall preside over all meetings of the corporation and the Board of Directors, call special meetings of the Board of Directors, perform all acts and duties usually performed by an executive and presiding officer, and sign all membership certificates and such other papers of the corporation as he may be authorized or directed to sign by the Board of Directors, provided the Board of Directors may authorize any person to sign any or all checks, contracts and other instruments in

of such cutoff valve. However, the provisions of this section shall not be construed to require the acquisition or installation of meters or cutoff valves where the directors determine under the circumstances of the system and the nature of the membership that the use of either or both of such devices is impractical, unnecessary to protect the system and the right of the membership, and/or economically not feasible.

Section 2. Each member will be required at his own expense to have dug a ditch for the connection of the service line or lines from the property line of the member to his dwelling or other portion of his premises, and to purchase and have installed the portion of the service line or lines from his property line to the place of use on his premises. The member will maintain such portion of such service line or lines, which shall be owned by the member, at his own expense. The corporation may, if the Board of Directors so determines, purchase the pipe for and install such portion of such service line or lines, the cost of which will, however, be paid by the individual members. In addition, each member shall pay such connection charge, if any, as may have been imposed by the Board of Directors before such member will be entitled to receive water from the system.

Section 3. Each member may be permitted to have additional service lines from the corporation's water system in the discretion of the Board of Directors upon proper application therefore and the tender of payment not to exceed the then existing connection charge. The approval by the Board of Directors of additional service lines to an existing member may be made conditional upon such provisions as the Board of Directors determines necessary to protect the interests of the members and to allow for the orderly expansion and extension of the system. Each service lines shall connect with the corporation's water system at the nearest available place to the place of desired use by the member if the corporation's water system has sufficient capacity to permit the delivery of water through a service line at the point without interfering with the delivery of water through a prior service line. If the corporation's water system is inadequate to permit the delivery of water through a service line installed at such place without interfering with the delivery of water through a prior service line, then such service line shall be installed at such place designated by the corporation.

Section 4. Each member may be permitted to purchase from the corporation, pursuant to such agreement as may from time to time be provided and required by the corporation, such water as is needed by him for domestic, commercial, agricultural, industrial or other purposes as a member may desire, subject, however, to the provisions of these bylaws and to such rules and regulations as may be prescribed by the Board of Directors. Each member shall be entitled to have delivered to him through his service lines only such water as may be necessary to supply the needs of each member, including his family, business, agricultural or industrial requirements. The water delivered through each service line may be metered separately and the charges for such water may be determined separately, irrespective of the number of service lines owned by a member.

Section 5. In the event the total water supply shall be insufficient to meet all of the needs of the members or in the event there is shortage of water, the corporation may

Section 7. The Board of Directors shall be authorized to require each member to enter into water users agreements which shall embody the principles set forth in the foregoing provisions of these bylaws.

Section 8. If a member fails to pay any assessment when due, the amount of such unpaid assessment shall become a lien upon the member's property for which the assessment was levied upon the filing by the corporation in the records of mortgages of Deschutes County, Oregon, of a notice of lien setting forth the amount due and a description of the property against which the lien is imposed. Such lien may be foreclosed in the manner provided by Oregon law for foreclosure of liens.

ARTICLE XII Distribution of Surplus Funds

Section 1. It is not anticipated that there will be any surplus funds or net income to the corporation at the end of the fiscal year after provisions are made for the payment of the expenses of operation and maintenance and the funding of the various reserves for depreciation, debt retirement, and other purposes, including those required by the terms of any borrowing transaction. The occurrence in subsequent fiscal years of surplus funds or net income above the requirements of the corporation as above mentioned, including, if any, a reserve for improvements and extension of the facilities shall be taken into consideration by the Board of Directors in determining the water rates to be charges the members.

Section 2. The organization will provide services substantially at cost. Dividends shall not be paid on the basis of membership or shares of stock in the organization. All funds from whatever sources remaining at the end of the year in excess of those needed to meet current losses and expenses may be distributed to members in proportion to the amount of business done by them during the year subject to concurrence of the General Electric Capital Corporation or may be retained for such purposes as retiring indebtedness incurred in acquiring assets, expanding the organization's services, maintaining reserve for necessary purposes or reducing subsequent year's water rates. However, the organization will maintain records from which each member's rights and interest in the retained funds and assets acquired with such funds in proportion to his business with the organization can be determined at any time. Required records for this purpose include financial records that show the organization's revenues from all sources for each year and records, such as bills or receipts, showing the amount of each member's business annually with the organization.

Section 3. Upon dissolution, after paying off all debts and obligations, current members equally will be entitled to receive their equitable share of all the proceeds remaining to the extent practicable as reflected by the records.

or requirements set forth of the National Safe drinking Water Act PL 93-523 and any subsequent legislation. Cimmarron City Water Co., Inc. may require a greater level of backflow prevention than a DCVA if circumstances warrant pursuant to above.

- H. On all services, the entire cost of installation, equipment, and any other cost to prevent the possible contamination of the water system will be borne by the person or agency in control of the served property.
- I. Testing of the backflow prevention devices shall be by licensed personnel. The frequency of testing shall be determined by the severity of the hazard. All devices shall be tested once per calendar year.
- J. Failure to comply with this policy will result in disconnection of service in accordance with Cimmarron City Water Co., Inc. Cross-Connection Control Program.
- K. Backflow prevention devices may be installed by any licensed installer or by the property owner in accordance with the Uniform Plumbing Code as adopted by Deschutes County or the City of Bend.

We certify that the foregoing bylaws were duly adopted by the members on

FEBRUARY 11, 2002 that the same are in full force and effect and have

not been amended.

Given under our hands and the seal of the corporation, this 11th day of

FEBRUARY, 2002.



President



Secretary-Treasurer