

41-00138

BY-LAWS OF EASTMONT WATER COMPANY

(A revised By-Laws adopted March 10, 1967, Amended 4-23-69, 5-9-78, & 1-22-81)
A NON-PROFIT 501(C) (12), ORS 61.311 CORPORATION

ARTICLE I.

DESCRIPTION

SECTION 1 LOCATION OF CORPORATION

Eastmont Water Company, an Oregon non-profit Corporation, is located in Clackamas County, at 10351 SE Tower Drive, Gresham, Or 97080.

SECTION 2 PURPOSE

The Corporation owns and regulates a water supply system for the purpose of extracting and delivering ground water exclusively to its Stockholders of record for their domestic use only. This Corporation shall operate without profit under IRS section 501(c) (12). The Corporation shall not pay cash dividends to Stockholders.

ARTICLE II.

MEETINGS

SECTION 1 ANNUAL MEETINGS

An annual meeting of the Stockholders of this Corporation shall be held in the month of February; the day, time, and location to be set by the Board of Directors. Such meeting shall be held for the purpose of electing Directors, and transacting Corporation business. Written notice of the annual Stockholder's meeting shall be mailed by the Secretary-Treasurer, not more than fifty (50) days and at least ten (10) days prior to the date of such meeting, to each Stockholder of record at their address of record. Such notice shall be deemed as sufficient when deposited in a United States Post Office, correctly addressed to each stockholder, and with postage prepaid. In the event the annual Stockholder's meeting is not held as prescribed herein, the Corporation's business will continue as usual until a special meeting can be called, as soon as possible, with at least 10 days written notice to the Stockholders.

SECTION 2 SPECIAL and EMERGENCY MEETINGS

Special meetings of the Stockholders may be called by the Board of Directors by giving the minimum ten (10) days notice. A special meeting shall be called by the Board of Directors upon receiving the written petition of shareholders requesting such a meeting, specifying the agenda, and with signatures of at least twenty-five percent (25%) of the stockholders of record.

The Board of Directors can call an Emergency meeting; a meeting which would be required to take action which cannot be delayed for a ten day period of time, and if delayed, would create an unreasonable risk to the Corporation. A reasonable attempt will be made to notify each Stockholder of the Emergency meeting.

SECTION 3 QUORUM

At any meeting of the Stockholders, a quorum is defined as those Stockholders of record on the day of the meeting, entitled to vote (Article II, section 4), represented in total by both Stockholders present and by properly executed proxies.

SECTION 4 VOTING

A Stockholder is entitled to one vote per share at meetings of the Corporation, either in person or by a properly executed proxy. Jointly owned stock is entitled to only one vote per share. A majority vote of stockholders present and represented by proxy are required to transact business.

ARTICLE III.

OFFICERS

SECTION I ENUMERATION

The Board of Directors of this Corporation shall consist of five persons. The officers of the Board of Directors shall be President, Vice-President, and Secretary-Treasurer.

SECTION 2 ELECTION TO THE BOARD OF DIRECTORS

The Directors shall be elected at the annual meeting of Stockholders or any reconvening thereof. All Directors shall hold office for two (2) years. If possible, two Directors will be elected from the Eastmont Drive area and two from the Tower Drive area. The fifth Director may be from either area. For the purpose of maintaining continuity and experience on the Board of Directors, their terms shall expire in alternate years (two directors in one year and three directors the next). The Board Officers are to be elected by a majority vote of the Board of Directors at their first meeting. The Directors may appoint a person to fill a vacancy for the unexpired portion of the term. A Director may be removed at a meeting of the Stockholders whenever in its judgment the best interests of the Corporation would be served thereby, but such removal shall be without prejudice.

SECTION 3 DUTIES OF OFFICERS

The President, or in his absence the Vice-President, shall preside at all meetings. The President may sign and approve disbursements approved by the Directors.

The Secretary-Treasurer shall be responsible to:

1. Maintain the minutes of all meetings and maintain all records of the Corporation.
2. Act as a fiduciary of all corporate funds and shall deposit the funds, for and in the name of, the Corporation in a bank(s) to be designated by the Directors. Expenditure of any and all funds, and/or the manipulation of assets shall be under the supervision and direction of the Board of Directors.
3. Monitor incoming bills for accuracy, validate and sign payee completed check(s), and balance bank statements monthly.
4. Monitor adverse financial trends and keep the Board of Directors informed.
5. Maintain a current record of Stockholders.

The voluntary Board of Directors are held harmless from any and all liability.

SECTION 4 SALARY AND EXPENSES

The Directors of this Corporation shall not receive compensation, but the Board is authorized to pay expenses to a Director, for travel or other incidental expenses incurred, in transacting business for the Corporation. A Director with the pre-approval of the Board of Directors may be compensated for special work (beyond the normal service to the Board of Directors) completed for the company. The level of compensation shall be determined by the Board.

ARTICLE IV.

STOCK CERTIFICATES

SECTION 1 SHAREHOLDER RIGHTS

Eastmont Water Company is capitalized with 120 outstanding shares of stock which represents water service for 120 domestic water connections. Every Stockholder of this Corporation is issued one stock certificate per share owned (one certificate for jointly held stock). Each certificate entitles the Stockholder to:

- A. A reasonable amount of domestic water for one single family residence; provided the property is located within the boundary of the Eastmont Water Company service area, and that all fees and charges have been paid in accordance with the regulation, limitations, and restrictions set forth by the Board of Directors.
- B. Voting privileges.

SECTION 2 TRANSFER RESTRICTIONS

Stockholders are allowed to use their stock solely in one of the following ways:

1. Future use-a stock being held for resale or future water use. These stock certificates can be assigned, transferred, or used to receive water at any location in accordance with Article IV, section 1A. Stockholders who request, and are granted water service from Eastmont Water Company, must comply with Article IV, Section 2, paragraph 2 below.
2. Currently using stock certificates as a right to receive water-a Stockholder receiving water service agrees to record a property restriction that states, "Upon the sale, trade, or real property transfer, the sellers' stock certificate or in the case of certificate loss a notarized affidavit must be surrendered to the Eastmont Water Company to issue a certificate to the new owner(s)". Without the stock transfer, Eastmont Water Company cannot deliver water to the new owner(s), (reference Article 1, section 2).

ARTICLE V.

WORKING CAPITAL

SECTION 1 WATER-USER RATES

The Board of Directors will set water usage rates, temporary surcharges, connection, re-connection charges, stock transfer fees, and other fees as required.

SECTION 2 SURPLUS

The Corporation is authorized to accumulate a surplus fund to cover emergencies and extraordinary costs of supplying, storing and distributing water. This fund is established to pay for the repairs, maintenance, expansion of the water distribution system, or other expenditures approved by Board of Directors.

ARTICLE VI.

WATER USE REGULATIONS

The Corporation, through its elected Directors, shall regulate the use, maintenance, and the storage of water in accordance with Governmental laws, rules and regulations. In accordance with the needs, requirements and benefit of all of the water-user Stockholders, the Company can restrict and control such use as it deems necessary. Directors may discontinue water service to a water-user whose billing account is unpaid on the 25th day of the billing month (unless the water-user has made special financial arrangements) until all fees, charges and reserves are paid. Stockholders are responsible for unpaid water bills, and fees of their renters.

The Corporation shall not be required to expand any of its facilities, increase water flow, or improve the distribution system beyond that which is presently existing.

ARTICLE VII.

ANNUAL GOVERNMENT REPORTS

The Secretary-Treasurer shall:

1. File annual reports which are necessary and required by law,
2. File IRS form 990 (annual return of exempt organizations), form 990-T (unrelated business income) and any other applications necessary to maintain the corporation as a non-profit corporation, exempt from taxes. The fiscal year of the Corporation shall coincide with the calendar year.
3. Maintain such records as are necessary to maintain the purposes of a non-profit corporation with exempt status.

