

BYLAWS OF QUINCY WATER ASSOCIATION AS AMENDED
INCLUDING ALL AMENDMENTS TO MARCH 1, 1996. Field Services
Drinking Water Program

ARTICLE I : GENERAL PURPOSES

The purpose for which this association is formed and the powers which it may exercise are set forth in the articles of association of the association.

ARTICLE II : NAME AND LOCATION

Section 1. The name of this association is the Quincy Water Association.

Section 2. The principal office of this association shall be located in the City (Village) of Quincy, County of Columbia, State of Oregon, but the association may maintain offices and places of business at such other places within or without the state, as the board of directors may determine.

ARTICLE III : SEAL

Section 1. The seal of the association shall have inscribed thereon the name of the association, the year of its organization and the words "Non-Stock Association, Oregon".

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

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

ARTICLE IV : FISCAL YEAR

The fiscal year of the association shall begin the first day of January in each year.

ARTICLE V : MEMBERSHIP

Section 1. Any bonafied occupant of real property having reasonable accessibility to the source of and who is in need of having water supplied for domestic, livestock or garden purposes from the water system operated by the association, and who receives the approval of the majority of the membership present at any share holders meeting, may be admitted to membership, for one membership per person, upon subscribing or otherwise acquiring a membership herein, and by signing such agreements for the purchase of water as may be provided and required by the association; provided that no person otherwise eligible shall be permitted to subscribe for or acquire a membership certificate of the association if the capacity of the association's water system is exhausted by the needs of its existing members. (Section 1 as amended September 20, 1977.)

Section 2. The full price of each membership in this association is the sum of \$2500.00. (Section 2 as amended March 1, 1996.) This sum to be paid in full prior to connection of service to the system. (Section 2 as amended September 20, 1977.)

Section 3. If a member is in the name of a husband and wife or in the name of either of them, and if the property to which it supplies water is held by them as husband and wife in such manner that upon the death of either of them the survivor owns such property absolutely, then and in that event the membership herein will upon the death of either of them vest automatically in the surviving spouse, regardless of whose name the membership is in.

Upon death of a member, if the property furnished water by virtue of membership herein does not vest automatically in the surviving spouse, the membership herein will pass to heirs of such member along with such real property as appurtenant thereto, subject to being sold by the personal representative of such deceased member in the same manner as the property to which it furnishes water may be sold.

Section 4. When in these bylaws the word "member" is used, it will include both the husband and wife, when a membership is owned by both of them. Such a membership will be voted by the one in whose name it is registered, and if it is registered in both names it will be voted by the husband unless the membership certificate states to the contrary, but if he is not present at the meeting in question, the wife may vote the membership: All other joint memberships other than those of husband and wife shall be voted by such of the owners as is present at the meeting, and if more than one is present it shall be voted by such of them as they may agree upon.

Section 5. If a member ceases to be eligible to hold membership as provided herein or wilfully fails to comply with these bylaws and other requirements, or wilfully obstructs the purpose and proper activities of the association, the association through the board of directors may elect to purchase his membership and terminate his membership upon tender to him, his heirs or legal representatives of the fair value of his membership as unpaid, less any indebtedness then due from him to the association. Any member whose membership is so terminated for cause other than that of ceasing to be eligible may appeal from the action of the board of directors to a vote of the members at the next regular meeting of the members or a special meeting of the members called for that purpose. Provided that it is not mandatory upon the Board of Directors to terminate any membership and purchase the membership, and the face value of the membership is not necessarily that of the cost of the membership subject to the adjustments to the cost as provided herein, but the fair value may be any price the Board of Directors determines to be fair.

Section 6. No member of this association shall be entitled to more than one vote at meetings of the members. Every member upon becoming a member of this association agrees to sign such agreement for the purchase of water from the Association as may from time to time be provided and required by the Association and agrees in case he desires to dispose of a membership certificate, to first offer the same to the association at its fair book value and that he will make no offer of assignment or sale of the same unless the association board of directors shall approve. (Section 6 as amended March 1, 1996.)

Provided, that in case of a sale by a member of this association of property being furnished water by this association by virtue of a membership herein, the member has the right to sell said membership along with the land being sold to a person eligible for membership, and in such case he need not offer the share for sale to the association as he would otherwise have to do as provided herein. Any purchaser becomes subject to all the obligations of membership and these bylaws immediately upon such purchase.

ARTICLE VI : MEMBERSHIP CERTIFICATES

Section 1. This association shall not have capital stock, but shall be represented by membership certificates.

Section 2. The membership certificates shall be issued to each member hereof, and shall be numbered consecutively in accordance with the order of issue. Upon transfer of a membership the membership certificate shall be turned into the association and a new certificate issued in its place. (If you wish, you may insert here that the new certificate shall bear the same number as the certificate it replaces.)

Each membership certificate shall bear on its face the following statements:

- a. This membership certificate No___ is issued and accepted in accordance with and subject to the conditions and restrictions stipulated in the articles of association and bylaws and amendments to same of Quincy Water Association.
- b. Transfers of membership certificates shall be made only upon the books of association, only to persons eligible to become members.
- c. The full price of the membership represented by this certificate is \$2500.00. (Section 2, c. as amended March 1, 1996.) (Section 2, c. as amended March 3, 1995. Price per dwelling.)
- d. The transfer of the membership represented by this certificate is governed by the bylaws of said association.

Section 3. Each member agrees to sign such water users agreements as the association shall from time to time provide.

ARTICLE VII : MEETINGS OF MEMBERS

Section 1. The annual meeting of the members of this association shall be held at the City (Village) of Quincy , County of Columbia, State of Oregon, at 7:00 p.m. on the first Friday of March of each year, if not legal holiday, or if a legal holiday, on the next business day following. (Section 1, as amended time March 3, 1995.)

Section 2. Special meetings of the members of the association may be called at any time by the secretary upon request of the board of directors, or upon the filing of a petition with the secretary which is signed by at least ten percent of the members of the association. 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 meetings of members of the association may be given by a notice mailed to each member record, directed to the address shown upon the books of the association, at least ten days prior to the meeting. Such a notice shall state the nature, time, place, and purpose of the meeting, but no failure or irregularity of notice of any annual meeting, regularly held, shall affect any proceedings taken thereat.

Section 4. The members present at any meeting of the members shall constitute a quorum at any meeting of the association for the transaction of business. The voting powers of the members of this association shall be equal, and each member shall have one vote only. Voting by proxy shall be allowed, provided that the proxy shall be in writing, and the proxy must be a bonafide occupant of a part or all of the property being furnished water by virtue of such membership or the proxy must be the spouse of the registered owner of the membership.

Section 5. Directors of this association shall be elected at the annual meeting of the members.

Section 6. The order of business at the regular meetings and so far as possible at all other meetings shall be:

1. Calling to order and proof of quorum.
2. Proof of notice of meeting.
3. Reading and action on any unapproved minutes.
4. Reports of officers and committees.
5. Election of directors.
6. Unfinished business.
7. New business.
8. Adjournment.

ARTICLE VIII : DIRECTORS AND OFFICERS

Section 1. The board of directors of this association shall consist of five members, all of whom shall be members of the association. At the same meeting of the members at which these bylaws are adopted, the members shall elect five directors who shall serve until the next regular meeting of the members, at which time the members shall elect 3 directors for a term of two years and 2 directors for a term of one year. Thereafter each director shall be elected for a term of two years. Each director shall hold office until his successor has been elected and qualified and entered upon the discharge of his duties.

Section 2. The board of directors shall meet within ten days after the first election and within ten days after the annual election of directors and shall elect by ballot a president and vice-president from among themselves and a secretary-treasurer, 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 though less than a quorum, shall, by a majority vote, choose a successor who shall hold office for the unexpired term of the director; whose place he fills. The disqualification of a director as a member of the association shall operate to disqualify him as a director and to create a vacancy in the office of director.

Section 4. A majority of the board of directors shall constitute a quorum at any meeting of the board.

Section 5. Compensation of officers may be fixed at any regular or special meeting of the members of the association. Directors shall receive no compensation for their service as such.

Section 6. Any members bringing charges against an officer or director shall file them in writing with the secretary of the association; and the secretary shall immediately notify the officer or director of the charges filed against him. The officer or director may then file with the secretary a statement giving concisely his defense against the charges made. The board of directors shall take the matter up at its next meeting and take such action as it deems to be for the good of the association. If the charges are accompanied by a petition requesting the removal of the officer or director, signed by ten percent of the members, and are filed with the secretary at least fourteen days previous to any general or special meeting, the secretary shall prepare and mail to each member with the regular notice a ballot calling for a vote upon the removal of the officer or director. Accompanying the notice and ballot, the secretary shall enclose a statement giving the charges against the officer or director; and at the request of the accused officer or director, the secretary shall enclose with this statement to each member a copy of the written defense as filed. By a vote of the majority of the total membership present or represented by ballot, the association may remove the officer or director and fill the vacancy.

ARTICLE IX : DUTIES OF DIRECTORS

Section 1. The board of directors, subject to restrictions of law, the articles of incorporation, or these bylaws, shall exercise all of the powers of the association, and without prejudice to or limitation upon their general powers, it is hereby expressly provided that the board of directors shall have, and are hereby given, full power and authority (to be exercised by resolution adopted by a majority vote of all the members of the Board of Directors) in respect to the matters and as hereinafter set forth;

- a. To pass upon the qualifications of members, and to cause to be issued appropriate certificates of membership.
- b. To select and appoint all officers, agents or employees of the association, or remove such officers, agents or employees of the association for just cause, prescribe such duties and designate such powers as may not be inconsistent with these bylaws, fix their compensation and pay for faithful services.
- c. To borrow from any source, money, goods, or services, and to make and issue notes and other negotiable and transferable instruments, mortgages, deeds of trust and trust agreements, and to do every act and thing necessary to effectuate the same.
- d. To prescribe, adopt and amend, from time to time, such equitable uniform rules and regulations as, in their discretion, may be deemed essential or convenient for the conduct of the business and affairs of the association and the guidance and control of its officers and employees, and to prescribe adequate penalties for the breach thereof.
- e. To order, at least once each year, an audit of the books and accounts of the association by competent public auditor or accountant. The report prepared by such auditor or accountant shall be submitted to the members of the association at their annual meeting.
- f. To fix the charges to be paid by each member for services rendered by the association to

him, the time of payment and the manner of collection.

- g. To require all officers, agents and employees charged with responsibility for custody any of the funds of the association to give adequate bonds, the cost thereof to be paid by the association, and it shall be mandatory upon the directors to so require.
- h. To select one or more banks to act as depositories of the funds of the association and to determine the manner of receiving, depositing, and disbursing the funds of the association 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. The association board of directors shall develop and adopt an operating budget for each fiscal year.

ARTICLE X : DUTIES OF OFFICERS

Section 1. Duties of president. The president shall preside over all meetings of the association 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 association 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 writing on the behalf of the association. The president shall perform such other duties as may be prescribed by the board of directors.

Section 2. Duties of the vice-president. In the absence or disability of the president, the vice-president shall perform the duties of the president; provided, however, that in case of death, resignation, or disability of the president, the board of directors may declare the office vacant and elect his successor.

Section 3. Duties of the secretary-treasurer. The secretary-treasurer shall keep a complete record of all meetings of the association and of the board of directors and shall have general charge and supervision of the books and records of the association. He shall sign all membership certificates with the president and such other papers pertaining to the association as he may be authorized or directed to do so by the board of directors. He shall serve all notices required by law and by these bylaws and shall make a full report of all matters and business pertaining to his office to the members at the annual meeting. He shall keep the corporate seal and membership certificate issued, and affix said corporate seal to all papers requiring seal. He shall keep a proper membership certificate record, showing the name of each member of the association, and date of issuance, surrender, cancellation, or forfeiture. He shall make all reports required by law and shall perform such other duties as may be required of him by the association of the board of directors. Upon the election of his successor, the secretary-treasurer shall turn over to him all books and other property belonging to the association that he may have in his possession. He shall also perform such duties with respect to the finances of the association as may be prescribed by the board of directors.

ARTICLE XI : BENEFITS AND DUTIES OF MEMBERS

Section 1. The association will install, maintain and operate a main distribution pipe line or lines

from the source of the water supply and service lines from the main distribution pipe line or lines to the property line of each member of the association, at which points, designated as delivery points, meters to be purchased, installed, owned and maintained by the association shall be placed. The cost of the service line or lines from the distribution pipe line or lines of the association to the property line of each member shall be paid by the association. The association will also purchase and install a cut-off valve in each service line from its main distribution line or lines, such cut-off valve to be owned and maintained by the association. The association shall have the sole and exclusive right to use such cut-off valve and to turn it on and off.

Section 2. No new service line or change in an existing service line may be made which will interfere with an existing service line or the delivery of water therein. Each service line shall connect with the association's water system at the nearest available place to the place of desired use by the member if the association's water system shall be sufficient capacity to permit the delivery of water through a prior service line. If the association's water system shall be 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 as may be designated by the association. Each member will be required to dig or have dug a ditch for connection of the service line or lines from the property line of the member to his dwelling or other portion of his premises and will also be required to purchase and install the portion of the service line or lines from his property line to the place of use on his premises and to maintain such portion of such line or lines which shall be owned by the member, at his expense, provided that the association may, if the board of directors so determine, purchase the pipe for install such portion of such service line or lines, the cost of which will, however, be paid by the individual members. (Section 2 as amended March 3, 1995.)

Section 3. Each member shall be entitled to purchase from the association, pursuant to such agreements as may from time to time be provided and required by the association, such water for domestic, livestock and garden 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 a single service line only such water as may be necessary to supply the needs of the person residing in a single dwelling and of the livestock owned by such persons and to irrigate a garden of not to exceed 1/8 of one acre. The water delivered through each service line shall be metered and the charges for such water shall be determined separately, irrespective of the number of service lines owned by a member.

Section 4. 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 a shortage of water, the association may prorate the water available among the various members of such basis as is deemed equitable by the board of directors, and may also prescribe a schedule of hours covering use of water for garden purposes; provided that if at any time the total water supply shall be insufficient to meet all of the needs of all the members for domestic, livestock and garden purposes, the association must first satisfy all of the needs of all of the members for domestic purposes before supplying any water for garden purposes.

Section 5. The board of directors shall, prior to the beginning of each calendar year, and at such other times as they may determine necessary, determine the flat minimum monthly rate to be charged each member during the following calendar year for a specified quantity of water, such flat minimum monthly rate to be payable irrespective of whether any water is used by a member during any month,

and the amount of additional charges, if any, for additional water which may be supplied the members, and shall fix the date for the payment of such charges and the dates for the payment thereof. A member to be entitled to the delivery of water shall pay such charges at the office of the association at or prior to the dates fixed by the board of directors. The failure to pay water charges duly imposed or payments on the price of the membership when due shall subject the member to the following penalties at the option of the board of directors:

- a. Non-payment for 90 days after due. The water may be cut off from the delinquent member's property, and whenever the water is turned back on there shall be a charge of \$25 for turning it back on. (Section 5, a. as amended September 20, 1977).
- b. Non-payment for 120 days. Membership in this association may be terminated and the membership certificate purchased as provided for in Article V of these bylaws.

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 section of this article.

Section 8. Each member shall be requested to install a backflow device to prevent draining of his water heater at such times when water is not in the main lines. The association shall not be liable for any damage caused by water or lack of water. (Section 8 as added September 20, 1977).

Section 9. Each member who owns automatic filling stock watering tanks shall be required to install a device which prevents overflow of water, or be subject to disconnection of water service. (Section 9 as added September 20, 1977).

SECTION 10 CROSS CONNECTIONS

ARTICLE XII : DISTRIBUTION OF SURPLUS FUNDS

Section 1. It is not anticipated that there will be any net income. If there should be any, then at the end of the fiscal year, after paying the expenses of the association for operation and otherwise and after setting aside reserves for depreciation on all buildings, equipment and office fixtures and such other reserves as the board of directors may deem proper and after providing for payments of interest and principal of obligations and amortized debts of the association, and after providing for the purchase of proper supplies and equipment, the net earnings shall be accumulated in a surplus fund for the purpose of replacing, enlarging, extending and repairing the system and property of the association and for such other purposes as the board of directors may determine to be for the best interests of the association. The said surplus fund or any portion thereof may from time to time, at the discretion of the board of directors, be distributed to the members as provided in the bylaws, on the basis of the assessments and charges made and levied against and paid by such member during the year.

Section 2. Any part of the whole of such apportionment may be credited, at the discretion of the board of directors, to the indebtedness of the members, should any exist, and in such case the members shall be notified in writing of the amount so applied.

ARTICLE XIII : AMENDMENTS

Section 1. These bylaws may be repealed or amended by a vote of a majority of the members

present at any regular meeting of the association, or at any special meeting of the association called for that purpose, except that the member shall not have the power to change the purposes of the association so as to decrease its right and powers under the laws of the state, or to waive any requirement of bond or provision for the safety and security of the property and funds of the association or its members, or to amend the bylaws as to effect a fundamental change in the policies of the association. Notice of any amendment to be made at a special meeting of the members must be given at least ten (10) days before such meeting and must set forth the amendments to be considered.

I hereby CERTIFY that the foregoing Bylaws consisting of nine pages, were the Bylaws adopted by the board of directors of Quincy Water Association on the 1st day of March, 1996, and that they are the whole thereof exactly as adopted, and that I make this certificate to identify the same pursuant to the instructions of the board of directors.

A handwritten signature in cursive script, appearing to read "Robert H. [unclear]", is written over a solid horizontal line.

Secretary