



BY-LAWS
OF
PERRYDALE DOMESTIC WATER ASSOCIATION
An Oregon Cooperative Corporation

ARTICLE I
General Purposes

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

ARTICLE II
Name and Location

Section 1. The name of this association is Perrydale Domestic Water Association.

Section 2. The principal office of this association shall be located at 11475 W Perrydale Rd., Amity, Oregon 97101, 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 "Perrydale Domestic Water 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 in the 1st day of July, in each year.

ARTICLE V
Membership

Section 1. The holders of membership certificates of this association are its members. Any bona fide owner or occupant of a farmstead or dwelling, any bona fide owner or operator of an industrial installation or commercial establishment,

any bona fide public or nonprofit institution, and any bona fide owner of unimproved real property having reasonable accessibility to the source of and who is in need of having water supplied for domestic, livestock, garden, industrial and commercial purposes from the water system operated by the association, and who receives the approval of the Board of Directors may be admitted to membership upon subscribing for or otherwise acquiring a membership certificate 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 existing members. A husband and wife may jointly become a member of this association, provided the husband and wife comply jointly with all the requirements of membership.

Section 2. A certificate of membership may be transferred by a member to himself or herself, and his or her spouse, as the case may be, jointly upon the written request of such member. When a certificate of membership is held jointly by husband and wife, upon the death of either, such membership certificate shall be deemed to be held solely by the survivor with the same effect as though such membership certificate had first been issued solely to him or her, as the case may be, and the joint membership certificate may be surrendered by the survivor, and upon the recording of such death on the books of the association, the membership certificate may be reissued to and in the name of the survivor; provided, however, that the estate of the deceased shall not be released from any membership debts or liabilities to the association.

Section 3. When holder of mortgages or beneficiaries of trust deeds or the owners of a vendors' interest in a contract of sale on properties of members, which properties are served by the association, give notice in writing to the association of the existence of such mortgages, trust deeds, or contracts, then the holders thereof shall receive copies of all communications sent by the association to the members on whose properties the mortgages, contracts, or trust deeds exist. If the holders of these mortgages, contracts, or the beneficiaries of these trust deeds, by purchase at a foreclosure sale or through voluntary conveyance by the property owner, obtain title to the property, they shall be admitted to membership in the association. Persons who purchase a property thus acquired shall also become members of the association if they agree to purchase water from the association. If a sale is held when the mortgage, contract of sale or trust deed is foreclosed, the purchaser shall be entitled to become a member of the association if he agrees to purchase water from the association. If a property is sold in more than one parcel, the Board of Directors shall determine which parcel shall entitle the owner thereof to membership.

Section 4. In case of the death of a member, or if a member ceases to be eligible to hold membership as provided in Section 1, or willfully fails to comply with these By-Laws and other requirements, or willfully obstructs the purposes and proper activities of the association, the association, through the Board of Directors, may elect to purchase his membership certificate and terminate his membership upon tender to him or his heirs or legal representatives of the cost of such membership certificate, and the value of such member's portion of savings and ownership equities shall be determined, 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 special meeting of the members called for such purpose.

ARTICLE VI

Membership Certificates

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

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

(a) This membership certificate is issued and accepted in accordance with and subject to the conditions and restrictions stipulated in the Article of Incorporation, By-Laws, and amendments to the same, of the Perrydale Domestic Water Association.

(b) Transfers of membership certificates shall be made only upon the books of the association, only to persons eligible to become members, only with the approval of the Board of Directors and only when the member transferring is free from indebtedness to the association.

(c) No member of this association shall be entitled to more than one vote at meetings of the members, without regard to the number of memberships such member may hold. If two or more persons hold a jointly owned membership, they shall jointly be entitled to one vote and no more. Every member upon becoming a member of this association agrees to sign such agreements 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 his membership certificate, to offer the same to the association at the price of such membership.

--and such other statements as may be prescribed by the Board of Directors.

Section 3. Each member agrees to sign such water users agreements as the association shall, from time to time, provide and require. When a member holds a membership certificate based upon the ownership of unimproved real property, the member shall not be required to sign a water users agreement covering said unimproved real property until a dwelling or facility requiring water is substantially completed on such unimproved real property. Provided, however, that such member may be required to pay a hook-up fee on order of the Board of Directors, and a minimum monthly water charge as a condition of continued membership. Each member holding such membership certificate agrees to sign such water users agreement covering such property forthwith upon substantial completion of a dwelling on such property. The Board of Directors may notify such member at any time that his membership certificate well be repurchased in accordance with these By-Laws upon the expiration of six months from the date of said notice if such member shall not have, prior to the expiration thereof, signed such water users agreement for the purchase of water.

ARTICLE VII

Meeting of Members

Section 1. The annual meeting of the members of this association shall be held at Perrydale, County of Polk and State of Oregon, at 8:00 o'clock p.m. on the second Thursday in September of each year, or such other date as may be fixed by the Board of Directors, and not more than 60 days after the close of the fiscal year.

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 filling 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 therat 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 of record, directed to the address shown upon the books of the association, at least ten days prior to the meeting. Such 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 therat.

Section 4. The members present at any meetings 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 sshall be equal, each member shall have one vote only, and no voting by proxy shall be allowed.

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 first meeting of the members, the members shall elect five Directors who shall serve until the next annual meeting of the members, at which time the members shall elect one director for a term of one year; two directors for a term of two years; and two directors for a term of three years. Thereafter, each director shall be elected for a term of three 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 annual election of directors and shall elect a president and vice-president from among themselves and a secretary and 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 is eligible under these By-Laws, and 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. Removal by a director of his residence from the water district shall operate to disqualify him as a director and create 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. Directors shall receive no compensation for their services as such, but shall be entitled to their reasonable and necessary expenses.

Section 6. Any member 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 necessary 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 is 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 resent 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 By-Laws, shall exercise all of the power 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 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 certifications of membership.
- (b) To select and appoint all officers, agents or employees of the association, or remove such officers, agents or employees for just cause, prescribe such duties and designate such powers as may not be inconsistent with these By-Laws, 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 times, 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 and adequate penalties for the breach thereof.
- (e) To order, at least once each year, and 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 the custody of any of the funds of the cooperative 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 person or persons signing such checks and form thereof at will.

ARTICLE X Duties of officers

Section 1. Duties of the 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 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. The secretary 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 with the exception of financial records. He shall sign all membership certificates and 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 these By-Laws and shall make a full report of all matters and business pertaining to his office to the membership at the annual meeting. He shall keep the corporate seal and membership certificate

records of the association, complete and countersign all certificates 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 or the Board of Directors.

Section 4. Duties of the treasurer. The treasurer shall keep a complete record pertaining the finances of the association, and shall perform such duties with respect thereto as may 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 pipeline 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 main distribution pipe line or lines of the association to the property line of each member shall be paid by the association. The association shall 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 and to be installed on some portion of the service line owned by the association. The association shall have the sole and exclusive right to use such cut-off valve to turn it on and off.

In the event that the Board of Directors shall determine that it would be economically unfeasible for the association to extend a service line from the main distribution pipe line or lines to the property line of any member, then and in such event, the association may enter into an agreement with such member for the payment by the member of all or a portion of the cost of such service line, or such member may, at his option, surrender his membership certificate to the association and shall thereupon be entitled to a refund of his membership fee and other charges paid by such member before the issuance of his membership certificate.

Section 2. The holder of each membership certificate, upon execution by him of the water users agreement above mentioned, shall be entitled to one service line from the association's water system, provided that the member shall be required to pay a fee of \$ for such service line. The Board of Directors may provide by resolution that from and after a certain date set forth in such resolution, said fee shall be increased to a sum specified in such resolution. 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 of sufficient capacity to permit the delivery of water through a service line at that place without interfering with 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 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 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 service line or lines which shall be owned by the member, at his own expense, provided that the association may, if the Board of Directors so determine, 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.

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, garden, industrial and commercial purposes as a member may desire, subject, however, to the provisions of these By-Laws 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 persons residing in a single dwelling and of the livestock owned by such persons and to irrigate a garden and lawn of not to exceed .5 acre, or such water as is needed to supply the industrial, commercial or domestic needs of the member if member is other than

a farmer or rural resident. 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. Temporary hook-ups in addition to a single family dwelling upon a single meter may be made upon application to and approval by the Board of Directors.

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 on such basis as is deemed equitable by the Board of Directors, and may also prescribe a schedule of hours covering the use of water for garden purposed by particular members and require adherence thereto, or prohibit the use of watr for garden purposes; provided that if at any time the total water supply shall be insufficient to meet all of the needs of all of the members for domestic, livestock, garden, industrial and commercial purposes, the association must first satisfy all of the needs of all of the members for domestic purposed before supplying any water for livestock purposes and must satisfy all of the needs of all of the members for both domestic and livestock purposes before supplying any water for gardern and industrial and commercial purposes.

Section 5. The Board of Directors shall, prior to the beginning of each calendar year, 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 water charges, if any, for additional water which may be supplied to members, shall fix the date for the payment of such charges, and shall notify each member of the amount 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 shall result in the automatic imposition of the following penalties:

(a) Non-payment for thirty days after due: The water shall be cut off from the delinquent member's property.

(b) Non-payment for sixty days after due: Membership in this association shall be terminated and the membership certificate purchases as provided for in Article V, Section4 of these By-Laws.

Section 6. 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 sections of this article.

ARTICLE XII

Distribution of Surplus Funds

It is not anticipated that there will be any net income. At the end of each fiscal year, and 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 on interest and principal of obligations and amortized debts of the association, and after providing for the purchase of proper supplies and equipment, the Board of Directors of the association shall determine what, if any, part of the net savings of the association during that fiscal year is reasonably required by association for working capital, new construction, replacement of plant, or other proper capital purpose of the association, in order for the association to maintain a high level of service to its patrons. The Board in its discretion may include as such a capital purpose a payment upon or retirement of any system indebtedness or other indebtedness of the association at or before maturity, if the Board finds such payment or retirement to be in the interest of the association. Any portion of the net savings thus determined by the Board of Directors to be required by the association, shall be retained by the association and added to the association's capital reserve. The amount thus retained as to each patron of the association shall constitute and be credited to that patron on the association's books as a contribution to the capital of the association, and shall not create a constituted debt of the association.

ARTICLE XIII

Capital Reserve Refund

In the event the Board of Directors determine at the end of any fiscal year that the capital reserve is in excess of the reasonable requirements of the association, the Board shall cause the surplus to be applied to the refunding of the earliest capital reserve contributions, in the order of the dates of capital credits representing such contributions on the patrons' accounts with the association. If such surplus in any single year is not sufficient to retire all such capital credits of the same date, the refunds shall be made pro rata thereon. Any matured indebtedness to the association of the record owner of such capital credits may be deducted by the association in making any such refund.

ARTICLE XIV

Cash Patronage Refunds

Any portion of the association's net savings as determined by the Board of Directors as of the end of each fiscal year, and not retained by the capital reserve, shall be distributed as a cash patronage refund, within a reasonable time after such determination, to the association's patrons during the fiscal year pro rata according to their patronage during that year.

ARTICLE XV

Amendments

These By-Laws 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 members shall not have the power to change the purposes of the cooperative 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 deprive any member of rights and privileges then existing, or so to amend the By-Laws 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.