

BY-LAWS
OF
WELCHES WATER COMPANY

ARTICLE I
MEMBERSHIP

Section 1. The initial membership of the corporation shall comprise:

(a) The owner of each dwelling now being furnished with water for domestic use from an un-named springs, a tributary of Salmon River, more particularly described as follows: NW $\frac{1}{4}$ Section 8, Township 3 South, Range 7 East of the Willamette Meridian, in Clackamas County, Oregon, and at the first meeting of the members, each member shall have one vote.

Section 2. (a) On completion of the organization of the corporation and thereafter, the membership of the corporation shall comprise the owner of each dwelling now being furnished with water for domestic use from said un-named springs.

(b) Any owner of property situated within the boundaries of Welches, ^{WATER Co} Clackamas County, Oregon, may be admitted to membership upon the affirmative vote of the majority of the Board of Directors and upon the payment to the corporation AS SET IN THE RULES ^{AND REGULATIONS} for each dwelling, to be served by the corporation's water system.

Section 3. (a) The members of the corporation shall be chargeable with assessments for the operation, maintenance and repair of the corporation's water works and water distribution system.

Section 4. Any member who shall fail to pay his proportion of assessment ~~within a period of sixty days from and after the mailing to~~ said member of said statement to the address of said member listed on the records of ~~the corporation~~ and shall thereupon lose all voting rights and all rights to receive water from the water system of the corporation and the directors be and they are hereby authorized and empowered to shut off the supply of water from the corporation's distribution system to the property of said member. However, any member who shall have defaulted in

the payment of any assessment as hereinbefore set forth, may be reinstated and thereby restored to voting rights and to the right to receive water from the corporation's water distribution system upon payment of the amount of said assessment, together with the cost to the corporation of shutting off and of restoring the supply of water from the corporation's distribution system to the property of said member and upon the making of a deposit in such amount as the Board of Directors may require as security for the payment for such member's proportion of future assessments.

Section 5. No member shall use any water received from the corporation's water system for any purpose other than for domestic use in the dwelling of such member.

ARTICLE II

MEETINGS OF MEMBERS

Section 1. The annual meeting of the members of the corporation shall be held at such place in Welches, Clackamas County, Oregon, as shall be designated by the directors on any Saturday in July or August, at which meeting the Board of Directors shall be elected and the president shall submit a report of the operations of the corporation covering the period subsequent to the prior annual meeting, and there may be transacted any other business that may come before the meeting. A written notice stating the time and place of the annual meeting shall be given to each member by mailing the same to his last known address, at least two weeks previous to the meeting.

Section 2. At all meetings of the members of the corporation a majority of members present including proxies, shall constitute a quorum and be necessary for the transaction of the business of the corporation.

Section 3. At any meeting, any member may be represented by a proxy, but such proxy shall be in writing, subscribed by such member and filed with the secretary of the corporation at or before the time the vote is tendered.

Section 4. Special meetings of the members shall be called by the secretary when requested by the Board of Directors or the president, or at the written request of the members representing not less than two-thirds of the voting power of the membership.

Section 5. A written notice stating the time, place and purpose of a special meeting shall be given to each member by mailing the same to his last known address at least five days previous to the meeting.

Section 6. Any and all notices which may be required by this Article for the holding of any meeting of the members may be waived in writing by all of the members by signing a written waiver, said written waiver so subscribed by all of the members to be placed in the record books of the corporation.

Section 7. Any and all action taken at any annual, special or adjourned meeting of the members at which a written waiver of notice has been signed by all of the members, shall be deemed and construed to be the action of this corporation and as effectual and binding as though such written notice had been given and made as hereinbefore provided.

Section 8. In all cases where a dwelling, the owner of which is entitled to membership, is owned by two or more persons, all of the owners of said dwelling shall file with the secretary of the corporation a written power of attorney designating one of such owners to act as the representative of all of the owners of such dwelling.

ARTICLE III

BOARD OF DIRECTORS AND OFFICERS: THEIR DUTIES

Section 1. The general management of the business and affairs of the corporation shall be vested in a board of five directors, who shall be chosen from among the membership of the corporation. No person who is not a member of the corporation shall be eligible to be a director.

Section 2. The officers of the corporation shall consist of a president, vice-president, secretary and treasurer and such other officers as the Board of Directors may delegate.

Section 3. The President and Vice-president of the corporation shall be elected by the Directors from among their number and shall hold office until the next annual meeting of the Board of Directors. The other officers of the corporation shall be appointed by the Board of Directors and shall hold office during the pleasure of the Board. It shall not be necessary that any officer other than the President and Vice-president shall be a Director of the corporation. The same person may hold one or more offices of the corporation, with the exception that no one person may hold the office of President and Vice-president.

Section 4. The Board of Directors elected at any meeting of the members shall qualify and organize at a meeting immediately thereafter. No notice shall be required for the holding of said meeting. A special meeting of the Board of Directors may be called by the President, Vice-president or Secretary by giving at least three days notice, which need not be written, specifying the time, place and purpose of the meeting.

Section 5. At all Directors' meetings, a majority of the Directors then qualified and acting shall constitute a quorum and be necessary for the transaction of the business of the corporation.

Section 6. Any and all notices required by this article for the holding of a meeting of the Board of Directors may be waived by the several members of the Board of Directors, which waiver shall be evidenced by an appropriate instrument in writing therefor, signed by each and all of the Board of Directors, which waiver when subscribed by the said several directors shall be placed in the record book of the corporation. Any and all action taken at any annual, regular, special or adjourned meeting of the Board of Directors at which a written waiver of notice has been signed by all the members of the Board of Directors shall be deemed and construed to be the action of this corporation, and as effectual and binding as though such written notice had been given as hereinbefore provided.

Section 7. Any action of the Directors, although not at a regularly called meeting, and the record thereof, if assented to in writing by all the members of the Board, shall be as valid and effective in all respects as if passed by the Board in regular meeting.

Section 8. Vacancies in the Board of Directors occasioned by death, resignation or otherwise, may be filled in by the remaining Directors from the membership of the corporation.

Section 9. The President shall preside at all meetings of the members and at all Directors' meetings and shall also call meetings of the members and Directors when deemed by him advisable. He shall sign, as President, all instruments executed in behalf of the corporation. He shall make a report of the affairs of the corporation at each annual meeting of the members and shall perform such other duties as may be designated by the Board of Directors.

Section 10. In the absence of the President, or of his inability to act, the vice-president shall discharge his duties. He shall also perform such other duties as may be assigned to him by the Board of Directors.

Section 11. The Secretary shall keep fair and correct records of all meetings of the members and of the Directors and shall attend to the giving and serving of notices to the members and Directors. He shall countersign all instruments requiring the signature of two officers of the corporation. He shall act as teller of all elections, both at meetings of the members and at Directors' meetings and shall discharge such other duties as may be assigned to him by the Board of Directors.

Section 12. The Treasurer shall collect all assessments assessed against the members of the corporation and shall safely keep all moneys and funds of the corporation and shall disburse the same and pay all claims against the corporation which have been approved by the President and such other person as the Board may designate, taking proper receipts therefor. At each annual meeting of the members and whenever required by the Directors, he shall make and give full statements showing his account, and he shall endorse for deposit and collection all checks, drafts and notes received by the corporation in the conduct of its business. All notes in favor of the corporation shall be made payable to it in its corporate name. The moneys of the corporation shall be deposited with such bank as the Board of Directors may designate.

Section 13. The officers hereinbefore referred to shall also discharge such other duties as may be imposed upon them by the Board of Directors. The Board of Directors shall likewise have power to appoint such other officers as to them may seem proper for the conduct of the corporation's business and shall delegate and authorize them to discharge such duties as to the Board of Directors shall seem proper.

Section 14. The powers and duties of the Board of Directors shall be as follows:

They shall supervise the maintenance, repair and operation of the water works and distribution system so as to maintain at all times, insofar as is reasonably possible with the funds at their disposal, an adequate supply of water free from contamination. They shall cause to be made all tests, inspections and reports required by the Oregon State Board of Health and shall comply with all recommendations and requirements of the Oregon State Board of Health. From time to time, not less than once each year, they shall estimate the amount of funds required for the maintenance and repair of the water works and distribution system and for the general operating expenses of the corporation and shall make an assessment on the membership therefor. In the event the expenditure of funds is necessary in order to make any changes in the water works or distribution system required by the Oregon State Board of Health, they shall make a special assessment on the membership for the amount so required. They shall consider and recommend to the members the making of such changes in the water works or distribution system as shall seem to them desirable, but except as may be necessary to comply with any requirement of the Oregon State Board of Health, the Directors may not make an assessment for any material addition to, improvement of, or extension of the water works or distribution system unless the proposed addition, improvement, or extension is first submitted to the membership at an annual meeting of members or at a special meeting of members called for the purpose of passing on such matter, and shall have been approved at such meeting by a majority of the total voting power of the membership. They shall have power to make rules and regulations not inconsistent with the laws of the State of Oregon and these By-Laws, for the transaction of the business and affairs of the corporation, and, generally, shall exercise all powers and perform all duties necessary for the operation of the corporation.

ARTICLE IV

AMENDMENTS

Section 1. These By-Laws may be amended or repealed at the annual meeting of the members or at any special meeting of the members called for that purpose, but only by the affirmative vote of a majority of the total voting power of the membership.