

AMENDED AND RESTATED BYLAWS
OF
LADY CREEK WATER SYSTEM

~~August 15, 2022. Proposed Changes~~

ARTICLE I.

Definitions

As used in these Bylaws the term:

Corporation means the mutual benefit corporation Lady Creek Water System, incorporated in the state of Oregon.

Curb Stop means the valve at the point of connection of the Service Line to the water mainline.

Director means a member of the Board of Directors of the Corporation duly elected and in good standing as determined under Articles ~~IV,~~

Inactive Member means a Member who has not paid all ~~their~~ dues, assessments, or fees, including all amounts in arrears, within thirty (30) days of the final due date thereof.

Member means a person named as a Permittee, whether singly or with others, on any Permit or Lease regularly issued by the U.S. Forest Service, within the territory served by the Corporation.

~~Member Representative means someone appointed who a member has selected to represent their interests to the system.~~

~~Member in Good Standing~~ means a Member who is current as to all ~~dues,~~ fees and assessments required by this Association, and who is not in violation of any of these Bylaw provisions, or of any other obligation required by this Corporation as to all Members.

Permit means a Permit or Lease issued by the U.S. Forest Service for the use of a recreation residence lot located within the boundaries of the Zigzag Ranger District in the Mt. Hood National Forest.

Permittee means a person or persons, ~~trust, firm, corporation, or other legal entity~~ to whom a Permit shall have been issued by the U.S. Forest Service for the use of a recreation residence lot located within the boundaries of the Zigzag Ranger District in the Mt. Hood National Forest, and whose name appears as a Permittee on the records of said U.S. Forest Service.

Service Line means the connecting water Service Line used to deliver water from the mainline to the Permittee cabin, including shared or common Service Lines used to deliver water to more than one Permittee cabin.

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Water System means the equipment and materials in the headworks and distribution system used to produce, sanitize, store, and deliver water service to the Members, up to and including the point where the mainline of the Water System is connected to a Member's Service Line with a Curb Stop or water meter located in close proximity to such mainline.

ARTICLE II.

Members and Membership

Section 1. Eligibility. Membership in the Corporation shall be limited to persons, firms, or corporations, holding ~~permit from the U.S.D.A. Forest Service~~. Only one Membership per Permit will be recognized by the Corporation. Permits held in more than one name, or cabins owned by more than one party, shall select a single representative to be the Member of the Corporation on their behalf.

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Section 2. Application for Membership. Application for membership shall be made to the Corporation's office. The application shall be deemed to be accepted upon delivery of the membership fee to the Secretary of this Corporation. Provided however, that said applicant is also a Permittee in good standing.

Section 3. Obligation of Members. Each Member shall abide by the articles of incorporation and Bylaws of this Corporation, and such rules and regulations as may be promulgated by the Board of Directors.

Section 4. Transfer of Membership. No membership in this Corporation may be voluntarily transferred or assigned by any Member, except in the case of more than one owner or Permittee for a single Permit, who may transfer membership among themselves by notification to the Corporation. In the event that any Member ceases to be a Permittee, a new Permittee of the premises in question may become an applicant for membership in this Corporation as provided hereinabove. The Board of Directors, from time to time, may make such charge to a new applicant for addition of the name of the new Member upon the Corporation records and for the costs involved in terminating services for the outgoing Member and initiating services for the incoming Member, all as it may determine reasonable from time to time, the amount charged for such change and service to be consistent as to all applicants at any given time.

Section 5. Member Representative
Each Permit holder may designate a single "Member Representative" to represent that Permit, and all Members associated with that Permit, to the Corporation. A Member Representative is not required to be listed on the Permit. Such Member Representative must be designated in writing, in the form prescribed by the Corporation. In the absence of such designation, the Corporation may presume that the first person listed on the Permit, or the first person listed as a Member in the records of the Corporation, is the Member Representative

ARTICLE III.

Meeting of Members

Section 1. Annual Meeting. The annual meeting of Members of the corporation shall be held as nearly as may be practical to May 15th of each year, at such time and place as may be designated by the Board of Directors. Each meeting shall be held within the State of Oregon and within close proximity to Portland. Meetings may be held over an electronic platform if situations prevent close personal contact.

Section 2. Special Meetings. Special meetings of the Members may be held at any time on call of a majority vote by the Board of Directors, or by a notification delivered to the President and Secretary signed by at least five percent (5%) of the Members of this corporation.

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Section 3. Notices. Notice for each annual and special meeting of the Members shall be given to each Member at least fourteen (14) days prior to the time of the meeting, by mailing or e-mailing the same to each Member at his address as last shown on the records of the Corporation. Notices of special meetings shall state the purpose thereof. Notice shall be deemed to have been given when deposited with the United States Postal Service, or when e-mailed to an address on file in the Corporation's records.

Section 4. Quorum. The Members in Good Standing present in person at the meeting of the Members shall constitute a quorum at that meeting.

Section 5. Vote. Each Member and Member Representative may cast one vote.

Deleted: , but no more than one vote may be cast for each Permit.

Deleted: If said property has more than one Permittee registered with the U.S. Forest Service, such Permittee for said home site shall select one of their number to be the voting Member for said property. If disputes arise between said Permittees as to the casting of said vote at any time, then said vote unquestionably shall be cast as a valid vote for the matter then before the membership by that Permittee and Member in Good Standing who is present at said meeting and is the oldest of said particular home site Permittees from the standpoint of age. No Member may vote by proxy and no more than one vote may be cast on any particular matter as to any particular Permit area....

ARTICLE IV.

Directors

Section 1. Number. The corporate powers of this Corporation shall be vested in a board of not more than nine (9) Directors, who shall be elected from the members of this Corporation. Member Representatives as described in Article 1 may be eligible to run for, and serve on the Board of Directors as long as their representation on the Board does not result in more than a third of the total membership. If fewer than nine (9) qualified individuals are nominated for election at the Corporation's annual meeting of Members, or if fewer than nine (9) are serving during time periods when the Board of Directors may fill vacancies under the laws for nonprofit corporations in the State of Oregon and insufficient numbers of qualified persons volunteer after notice and request by the directors or any officer to the members for volunteers to fill a vacancy on the Board of Directors, then the Board shall be comprised of the number of Directors, up to nine (9), as were elected and appointed.

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Section 2. Qualification of Directors. To be eligible to serve as a Director, an individual must:

- a. be a Member in Good Standing, spouse of a Member in Good Standing, or domestic partner of a Member in Good Standing or a member representative; and

b. be current in the payment of all dues and assessments owing to the Corporation; and

c. remain a Member in Good Standing, spouse of a Member in Good Standing, a member representative, or domestic partner of a Member in Good Standing throughout the length of service as a Director.

Section 3. Election of Directors. Directors shall be elected by the Members at the annual meeting of the Members. The term of office for regularly elected Directors shall be three years. Directors shall be elected to replace those whose terms of office are currently expiring. The term of each Director shall begin at the conclusion of the meeting at which he/she shall have been elected and shall end at the conclusion of the meeting at which his/her successor shall have been elected or following the expiration of his/her term. The election of Directors shall be by ballot, written or oral, as the President may direct as to a particular election meeting. As soon as the votes shall have been counted, the President shall declare the persons receiving the highest number of votes to be elected Directors of the corporation. Such declarations shall be entered upon the minutes of the meeting.

Section 4. Attendance at Meetings. Directors are subject to removal for failing to attend at least 75% of board meetings held during a 12-month period, subject to notice to the Director and hearing by the Board. In the event a Director's attendance drops below that threshold, the Board may notify the Director that the Board shall vote upon whether to remove the director for absenteeism at the next regularly scheduled meeting, and to elect the Director's successor unless good cause and sufficient reason exists, and is communicated to the Board, excusing the Director's absence. Directors missing three consecutive board meetings shall be presumed to have resigned. Nothing in this provision, however, limits powers of removal or authorizes removal in contradiction to ORS 65.324.

ARTICLE V.

Meetings of Directors

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held on call of the President and, as nearly as may be practical, shall be held at least quarterly.

Section 2. Special Meetings. Special meetings of the Board of Directors may be held at any time on call of the President or any two (2) Directors.

Section 3. Notice. Notice of all meetings of the Board shall be given to the members of the Board at least two (2) days prior to the time of the meeting. Any Board member may waive such notice by filing a waiver in writing with the Secretary, or by attending the meeting.

Section 4. Quorum. Fifty percent (50%) plus one of all current Directors shall constitute a quorum.

Section 5. Abstention Votes. Actions of the Board of Directors shall be approved if a quorum is present and a majority of the Directors present vote in favor of the action.

Section 6. Attendance by Members. The Board of Directors meetings are open to be observed by Members in Good Standing. Board contractors and other guests may be invited to attend meetings by the President.

The President may request visitors to leave if the Board goes into executive session. Members in attendance who wish to address the Board may do so for up to five (5) minutes, or longer if approved by the President.

Section 7. Forum for Meetings. Meetings may be held in person, by telephone, by video conference or by any media or method or combination of methods reasonably enabling concurrent participation by the Directors, and subject to governance and limitations by the President, as may be overruled only by a majority of a quorum of Directors.

Section 8. Action by Consent. Action may be taken by the Board of Directors without a meeting by unanimous agreement or consent signed or acknowledged in writing by all Directors pursuant to ORS 65.341 or any later statutory equivalent.

ARTICLE VI.

Vacancies in the Board of Directors

Section 1. Filling Vacancies. Vacancies in the Board of Directors shall be filled by affirmative vote of a majority of the remaining Directors, and a Director so elected to fill a vacancy shall be elected for the unexpired term of his/her predecessor in office. Vacancies in the Board of Directors may similarly be filled if following an election as described in Article IV, Section 3, there are fewer than seven (7) Directors on the Board.

Section 2. Removal of a Director by the Membership. A Director may be removed by a majority vote of the Members of the Corporation present at an annual or special meeting of the Corporation. If a Director is removed by a vote of the Members, then the resulting vacancy shall be filled by nominations from the floor by Members and a vote at the same meeting.

ARTICLE VII.

Powers and Duties of the Board of Directors

The Board of Directors shall have the following powers and duties:

- a. To call special meetings of the members of the Corporation whenever the Board deems it necessary or advisable to do so.
- b. To appoint and remove, at the pleasure of the Board, all officers, agents, contractors, and employees of the corporation, prescribe their duties, fix their compensation and require and obtain such security as the Board deems proper for the faithful performance of the duties and obligations of any officer, agent, contractor, or employee of, or person under contract with, the Corporation.

- c. To conduct, manage and control the business affairs of the Corporation, and to make policies, rules and regulations not inconsistent with the laws of the United States or the State of Oregon or the Bylaws of the Corporation, for the guidance of the officers in the management of the business and affairs of the Corporation.
- d. To cause correct and complete minutes to be kept of all of the meetings of the members and of the Board.
- e. To keep or oversee the preparation of full and accurate books of account, to prescribe the mode and form for keeping the books, and to employ a disinterested, qualified and independent accountant to periodically verify or otherwise review the corporation's books and records and to make a report to the Corporation.
- f. To cause the monies of the Corporation to be safely kept, directing from time to time where the same shall be kept and deposited and prescribing the method for withdrawal thereof. The President shall appoint at least three (3) Directors to authorize expenditures and disbursements of funds to pay corporate obligations, by check, electronic funds transfer, or other means, one of whom must be the current Treasurer. Payments above a set limit shall require the authorization of two (2) of the appointed authorizing Directors. Payments below the set limit shall require authorization by one (1) appointed authorizing Board member. The Board of Directors shall set the dollar limit from time to time above which two (2) authorizing signatures are required.
- g. To cause the water supply of an Inactive Member to be turned off and to be kept turned off until the delinquency shall have been cured and all provisions of Sections 1, 2, and 3 of Article X of these Bylaws have been satisfied.
- h. To cause the water supply of any Member in violation of these Bylaws or of any rule or regulation adopted by the Board of Directors of the Corporation to be turned off until the violation shall have been cured.
- i. To supervise and exercise such control over and to expend funds of the Corporation for construction, maintenance and improvement of the Water System and its component parts, as well as any such roads and vehicular ways over U.S. Forest Service land as may be the responsibility of the Corporation and which may service or tend to service the Water System.
- j. To oversee the operation of the Water System and the reliable delivery of water service to the membership of the Corporation.
- k. To do any and all other acts and make any and all determinations which the Board of Directors of a nonprofit corporation may lawfully do or make under the laws of the State of Oregon.
- l. To refrain from incurring debt by borrowing sums which, alone or in combination with any existing outstanding loan balance, exceed 30% of the Corporation's current year's annual membership assessments (excluding special or capital improvement assessments), unless such greater amount of indebtedness is approved by vote of the Members.

m. To adopt an operating budget annually, and present the adopted budget to the Members at the annual meeting of the Members.

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ARTICLE VIII.

Officers

Section 1. Designation and Qualifications. The officers shall consist of a President, Vice President, Secretary and Treasurer. A Director may hold more than one officer position simultaneously, except for the office of President. The said officers above mentioned shall be elected by the Directors from their membership as soon after the annual meeting of members as may be practical and shall serve in the capacity of their elected office for a term of one (1) year.

Section 2. President. The President shall preside at all meetings of the Members and of the Directors. Subject to the direction of the Board of Directors, he/she shall be the executive head of the corporation and its business, and shall call meetings of the Board of Directors whenever he/she deems it necessary to do so, but at least once per calendar quarter.

Section 3. Vice President. The Vice President shall perform such duties as prescribed by the President or Board of Directors and, in the absence of the President, the Vice President shall perform the duties of the President.

Section 4. Secretary. The Secretary shall keep or cause to be kept minutes of the meetings of the Members and of the Board of Directors. He/she shall perform such other duties as prescribed by the President or Board of Directors.

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Section 5. Treasurer. The Treasurer shall cause all monies belonging to the Corporation to be kept safely by depositing the same in one or more Federally Insured Accounts. He/she shall make or cause to be made disbursements on order of the Board of Directors, and shall make such financial reports as the Board of Directors may require. He/she shall perform such other duties as prescribed by the President or Board of Directors. The treasurer shall keep a record of the names and addresses of all the Members of the Corporation.

Section 6. Term Limit of President and Treasurer. No Director may serve as President or Treasurer of the Corporation for more than three (3) consecutive years. Exceptions to or waivers of this Section 6 may be approved by a two-thirds (2/3) vote of the Board of Directors.

Section 7. Nominations. With the prior consent of the nominee, nominations for Directors may be made by any Member or Member Representative in good standing either by advance notice sent to the office of the Corporation, or by contacting the President, or from the floor at any annual meeting of the members.

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Nominations

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ARTICLE IX.

Fees, Dues and Assessments

Section 1. Annual Dues. The annual dues payable to the Corporation shall be fixed by the Board of Directors. They shall be due and payable in advance to the Corporation on or before the 1st day of January of each year, and shall be delinquent after February 1 of the same year. Dues, as fixed at any one time by the Board of Directors, shall be uniform as between individual lots which are the subject of Permits, and only single dues shall be collected as to each lot regardless of the number of Permittees, but each such Permittee shall be jointly and severally responsible for payment of said full dues or fees to be collected.

Section 2. Assessments. Special assessments may be levied by the Board of Directors for the purpose of paying the cost of construction of any facilities for the benefit of the Members, and shall be payable in such amounts and at such times and places as the Board of Directors may provide. All special assessments shall be prorated among the Members of this Corporation.

Section 3. Turn On Fee. The Board of Directors may determine the amount of a fee which shall be paid to the Corporation by each Inactive Member to have their water service restored after it shall have been discontinued. The payment of said fee plus payment of all assessments in arrears shall be a prerequisite to having service restored. At any one period of time the fee for such service fixed by the Board of Directors shall be uniform as to all Members.

Section 4. Transfer Fee. In the event that any Permit held by a Member of this Corporation, is terminated or transferred for any reason according to the records of the U.S. Forest Service, and said U.S. Forest Service charges a transfer fee, water service of this Corporation may not be resumed at the location of said Permittee unless and until the new or replacement Permittee has paid to the Corporation such transfer fee as may be fixed by the Board of Directors hereof as of said date. The transfer fee so charged by this Corporation at any given time shall be uniform as to all such transferees at said time. Transfers between spouses or domestic partners shall not be subject to a Transfer Fee, but any other transfer, including those among other family members, shall be subject to the Transfer Fee.

Section 5. MRO Fee. A one-time Maintenance-Repair-Operation (MRO) fee or special assessment of \$350.00 applies to each Member location, payable when the cabin is sold after August 10, 1987. The MRO fee is not due from the Member unless and until the cabin is sold or transferred to any new owner except as between spouses or domestic partners. The MRO fee does not apply to a given Permit location more than one time.

Section 6. Late Fee. A late fee will be assessed on any dues, assessments or fees which are not paid within the due date established by the Corporation.

Section 7. Increase in Fees, Dues, or Assessments. No fees, dues or assessments shall be increased by the Board of Directors unless such increase is approved by a majority of the Members present at a meeting of Members called in accordance with these Bylaws.

Section 8. Reduction of Fees, Dues, or Assessments. The Board of Directors shall have the authority at any time to reduce any previously approved fees, dues or assessments, and to adopt a

procedure whereby all Members shall have the opportunity to obtain a discount of annual dues and assessments if the same be paid by a date fixed by the Board, for which at least thirty (30) days' prior written notice shall be given to each Member in Good Standing.

Section 9. Paper Statement Fee. Recognizing the fact that delivery of paper statements, and processing of checks received for payment of dues, substantially increases the Corporation's operating costs, and that most members desire to receive dues statements by electronic means, any Member who desires to receive paper statements shall have an additional Paper Statement Fee added to their membership dues statement, and such additional fee shall be considered part of that Member's Annual Dues. The amount of the Paper Statement Fee shall be set by the Board of Directors from time to time and shall not exceed 10% of the Annual Dues then in effect.

ARTICLE X,

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Responsibility for Service Lines

Section 1. Responsibility of the Corporation. The Corporation shall be responsible for the cost of installation, improvements, repairs, maintenance and operation of the Water System, and shall levy such annual dues and assessments as necessary, subject to the approval of the membership as outlined in Article X, to cover the operating costs of the Water System. Except as described in Section 7 of this Article XI, the Corporation's responsibility shall end at the point of connection between the mainline and the member's/members' Service Line(s). Such connection, represented by a Curb Stop and/or water meter, shall be in close proximity to the mainline, generally within fifteen (15) feet, wherever practical.

Section 2. Responsibility of the Member. Except as described in Section 7 of this Article XI, the Member shall be solely responsible for the cost of installation, improvements, repairs and maintenance of his/her Service Line, including any shared or common Service Lines that supply water to more than one member. In cases of shared Service Lines, this responsibility is jointly held by the cabins receiving water from the shared Service Line.

Section 3. Individual Service Lines. Each Member cabin is to be connected to the mainline, via a Curb Stop and/or water meter, with an individual Service Line serving one and only one Member cabin, except as provided in Section 4 of this Article XI.

Section 4. New Shared Service Lines Not Allowed. No new shared or common Service Lines may be connected to any mainline of the Water System. Existing shared or common Service Lines may continue to be used as long as they are kept in good working order at the sole expense of the Members receiving water service from the shared or common Service Line. Leaks or other problems with shared or common Service Lines are the shared responsibility of all Member cabins receiving water from such shared or common Service Line and must be repaired promptly, at the sole expense of the Members receiving water from such shared or common Service Line, upon reasonable notice from the Corporation of such problems or leaks.

Section 5. Replacement of Shared Service Lines. Except as described in Section 7 of this Article XI, whenever an existing shared or common Service Line develops chronic leaks or other serious problems, the Members receiving water from such shared or common Service Line must install

individual Service Lines in replacement of the shared or common Service Line, at the sole expense of such Members, within a reasonable period of time after notice from the Corporation. The Corporation's only responsibility under such circumstances will be to provide individual main line connections (Curb Stops or water meters) to the individual service lines.

Section 6. Replacement of Shared Service Lines – Mainline Replacement. Except as described in Section 7 of this Article XI, when the Corporation replaces the mainline in a portion of the Water System, any shared or common Service Lines in that portion of the Water System must be replaced with individual Service Lines at the sole expense of the Members receiving water from such shared or common Service Lines.

Section 7. Replacement of Shared Service Lines – Certain Circumstances. After April 5, 2011, in circumstances where a shared Service Line or combination of shared and individual service line extends in distances greater than 400 feet from the Member's cabin, measured by following the shortest route acceptable under regulations of the U.S. Forest Service, there will be a shared responsibility between the Member and the Corporation in replacing shared Service Lines with individual Service Lines. The total cost of replacing such a shared line will be allocated pro rata between the Member(s) and the Corporation such that the Member shall pay a percentage of the total cost of the replacement line project equal to 400 feet divided by the total distance, measured in feet, from the Member's cabin to the main line. The Corporation will be responsible for the remainder of the cost. The total cost of the replacement line project will include any and all costs associated with the replacement of the Service Line, including excavation, line installation, road repairs or paving, materials, and permits. The cost to be apportioned between the Member and the Corporation will not include installation of curb stops and/or meters adjacent to the main line, as those are the responsibility of the Corporation. Once any such shared Service Line is replaced with individual Service Lines, the individual Members will be solely responsible for the individual Service Lines, including any necessary repairs, maintenance or future replacement. Any such Service Line replacements jointly performed by the Corporation and the Member(s) under the terms of this Section 7 of Article XI will be made in accordance with all applicable plumbing codes and U.S. Forest Service regulations, using a contractor mutually acceptable to both the Corporation and the Member(s). In any event, the Corporation's share of the total replacement cost shall be based on the lowest bid proposal by a licensed contractor qualified to perform the project.

ARTICLE XI

Books and Papers

The books and records of the corporation and such papers as may be placed on file by vote of the Members or Directors shall at all times, at reasonable hours and with reasonable advance notice, be made available for inspection by any Member in Good Standing.

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ARTICLE XII.

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Contracts

No contracts creating payment obligations in excess of \$2,500 or compromising a debt due to the Corporation by more than \$2,500, shall be made or entered into by any Officer of the Corporation without the previous specific authorization or subsequent ratification of the Board of Directors.

ARTICLE XIII.

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Merger or Sale of the System

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Any sale or merger of the Corporation must be preceded by Board approval of the action as well as a majority vote of all members of the corporation.

ARTICLE XIV.

Bylaws Amendments

These Bylaws may be altered, amended, revoked or suspended at any annual meeting of the Members, or at any special meeting of the members called for that purpose, upon a two-thirds (2/3) vote of the Members present at said meeting, a quorum being present.

ARTICLE XV.

Rules of Order

The meetings of Lady Creek Water System shall be conducted according to Robert's Rules of Order Newly Revised, where it does not conflict with these Bylaws.

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CERTIFICATE OF ADOPTION

The undersigned certifies that the above and foregoing Amended and Restated Bylaws of Lady Creek Water System were adopted by vote of the Members, after notice and inclusion of the matter on the agenda, at the annual meeting of the Members held on the 15th day of August 2022.

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Secretary
Lady Creek Water System