

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

**Article 1
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 2
NAME AND LOCATION**

2.1 Name. The name of this association is Perrydale Domestic Water Association (the “**Association**”).

2.2 Principal Office. The principal office of the Association shall be located at 11475 W Perrydale Road, Amity, Oregon 97101.

2.3 Other Offices. From time to time, the Board of Directors of the Association (the “**Board**”), or officers of the Association acting under the Board’s authority, may establish and maintain offices and places of business in addition to its principal office at locations within or outside Oregon.

**Article 3
SEAL**

3.1 Design. The seal of the Association shall have inscribed thereon the words “Perrydale Domestic Water Association, Oregon” and the year of the Association’s organization.

3.2 Custody. The secretary of the Association shall have custody of the seal.

3.3 Use. The seal may be used by causing it or a facsimile thereof to be impressed, affixed, or otherwise reproduced.

**Article 4
FISCAL YEAR**

The fiscal year of the Association shall begin on the 1st day of July, in each year.

**Article 5
MEMBERSHIP**

5.1 Members Defined. The holders of membership certificates of this Association are its members (the “**Members**”).

5.2 Membership Eligibility. Any of the following in need of having water supplied for domestic, livestock, garden, industrial and commercial purposes from the Association’s water system, having reasonable accessibility to the Association’s water system, and receiving the Board’s approval 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:

- (a) any bona fide owner or occupant of a farmstead or dwelling;
- (b) any bona fide owner or operator of an industrial installation or commercial establishment;
- (c) any bona fide public or nonprofit institution; and,
- (d) any bona fide owner of unimproved real property.

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. Spouses may jointly become a Member of this Association, provided that both spouses comply jointly with all the requirements of membership.

5.3 Transfer. A certificate of membership may be transferred by a Member to themselves and their spouse jointly upon the written request of such Member. When a certificate of membership is held jointly by spouses, 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 the surviving spouse. 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.

5.4 Interested Third Parties. When holders of mortgages, beneficiaries of trust deeds, the owners of a vendor's interest in a contract of sale, or other holders of non-possessory interests on properties of Members, which properties are served by the Association ("**Interested Third Parties**"), give notice in writing to the Association of the existence of such mortgages, trust deeds, contracts, or interests, the holders thereof shall receive copies of all communications sent by the Association to the Members on whose properties the mortgages, trust deeds, contracts, or other interests exist. If an Interested Third Party, by purchase at a foreclosure sale or through voluntary conveyance by the property owner, obtains title to the property, they shall be admitted to membership in the Association upon payment of all amounts due to the Association or required to be paid to the Association to obtain Membership, and execution of all documents required of Members to 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, and all amounts due to the Association or required to be paid to the Association to obtain Membership, are paid and execution of all documents required of Members to the Association. If a sale is held when the mortgage, trust deed, or contract of sale is foreclosed, the purchaser shall be entitled to become a member of the Association if the purchaser agrees to purchase water from the Association, and all amounts due to the Association or required to be paid to the Association to obtain Membership are paid, and execution of all documents required of Members to the Association. If a property is sold in more than one parcel, the Board shall determine which parcel shall entitle the owner thereof to membership.

5.5 Agreements. Each Member agrees to sign such agreements as the Association shall, from time to time, provide and require.

5.5.1 Membership Covering Unimproved Real Property. When a Member holds a membership certificate based upon the ownership of unimproved real property, the Member shall sign a water user's agreement covering said unimproved real property regardless of whether a dwelling or facility requiring water exists on or is substantially completed on such unimproved real property. Such Member shall be required to pay a hook-up fee on order of the Board, and a minimum monthly water charge as a condition of continued membership. Each Member holding such membership certificate agrees to sign an updated water user's agreement covering such property within a 30 days' notice from the Association after substantial completion of a dwelling on such property.

5.5.2 Forfeiture. Members who unreasonably refuse to sign agreements of the Association forfeit their membership. The Board may notify such Member at any time that the Member's membership certificate will be forfeited accordance with these By-Laws on a date not less than six (6) months from the date of said notice if such Member shall not have, prior to the forfeiture date, signed such water user's agreement for the purchase of water.

5.6 Rules and Regulations. Each Member agrees to abide by the rules and regulations of the Association as promulgated and amended from time to time by the Board.

5.7 Divestiture. In case of the death of a Member, or if a Member ceases to be eligible to hold membership as provided in Section 1 of this Article 5, fails to comply with these By-Laws and other requirements, or willfully obstructs the purposes and proper activities of the Association, the Board may elect to terminate the Member's membership. Upon termination, the Board shall tender to the Member or the Member's heirs or legal representatives the amount of the Membership Fee paid by the Member less any indebtedness then due from the Member to the Association. Terminated members shall not be entitled to or have any claim to the corporation's reserves or any Member equity upon surrendering or termination of Membership. Members sole claim shall be for a refund of the Membership Fee paid in consideration of the Membership.

Article 6

MEMBERSHIP CERTIFICATES

6.1 No Capital Stock. This Association shall not have capital stock, but its capital shall be represented by membership certificates.

6.2 Form. 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 Articles of Incorporation, By-Laws, and amendments to the same, of the Perrydale Domestic Water Association and shall be subject to the rules and regulations as enacted, amended, or modified by the Board from time to time.

- (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 and abide by such agreements for the purchase of water from the Association as may from time to time be provided and required by the Association, abide by rules and regulations as enacted, amended, or modified by the Board from time to time, and agrees in case said Member desires to dispose of their membership, to surrender the same to the association upon return of the member's membership fee less any amounts due to the Association.

The membership certificate may bear such other statements as may be prescribed by the Board.

Article 7 MEETING OF MEMBERS

7.1 Annual Meeting. The annual meeting of the Members of the Association shall be held at the Association's Principal Office, or such other place as may be designated by the Board, 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, and not more than ninety (90) days after the close of the Fiscal Year.

7.2 Special Meetings. Special meetings of the Members of the Association may be called at any time by the secretary upon request of the Board, or upon the filing of a petition with the secretary, which is signed by at least ten percent (10%) of the Members. 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.

7.3 Notice. 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 (10) 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 thereat.

7.4 Quorum; Voting Power; No Proxy. 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 shall be equal, each Member shall have one vote only, and no voting by proxy shall be allowed.

7.5 Election. Directors of this Association shall be elected at the annual meeting of the Members.

7.6 Meeting Business. The order of business at the regular meetings and so far as possible at all other meetings shall be:

1. Calling to order.
2. Proof of notice of meeting.
3. Reading and action on any unapproved minutes.
4. Reports of officers and committees.
5. Election of directors

Article 8

DIRECTORS AND OFFICERS

8.1 Composition. The Board of Directors of this Association shall consist of five (5) members, all of whom shall be Members of the Association (the “**Directors**”). At the first meeting of the Members, the Members shall elect five (5) Directors who shall serve until the next annual meeting of the Members, at which time the Members shall elect one (1) Director for a term of one (1) year; two (2) Directors for a term of two (2) years; and two (2) Directors for a term of three (3) years. Thereafter, each Director shall be elected for a term of three (3) years. Each Director shall hold office until his/her successor has been elected and qualified and entered upon the discharge of their duties.

8.2 Officers. The Board shall meet within ten (10) days after the annual meeting of the Members and shall elect a president, vice-president, secretary, and treasurer, each of whom shall hold office until the next annual meeting or until the election and qualification of their successor unless sooner removed by death, resignation, or for cause. The president and vice-president shall be members of the Board, and the secretary and treasurer shall be members of the Board or employees of the Association.

8.3 Vacancy. If the office of any Director becomes vacant by reason of death, resignation, retirement, disqualification, or otherwise, except by removal from office for cause, 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 the newly elected Director fill. The disqualification of a Director as a Member of the Association shall operate to disqualify the person as a Director and to create a vacancy in the office of Director. Removal by a Director of their residence from the water district shall operate to disqualify the person as a Director and create vacancy in the office of Director.

8.4 Quorum. A majority of the Directors shall constitute a quorum at any meeting of the Board.

8.5 Compensation. Directors shall receive no compensation for their services as such but shall be entitled to their reasonable and necessary expenses.

8.6 Grievances Against Board. Any Member bringing charges against a Director(s) shall file them in writing with the secretary of the Association; and the secretary shall immediately notify the Director(s) of the charges filed against them. The Director may then file with the secretary a statement giving concisely their defense against the charges made. The Board 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 Director(s) signed by ten percent (10%) of the members and filed with the secretary at least fourteen (14) days before any general or special meeting, a special meeting shall be called and the secretary shall prepare and mail to each Member a notice of the special meeting indicating removal of the Director shall be a subject of the Meeting. Accompanying the notice the secretary shall enclose a statement giving the charges against the Director and, at the request of the accused Director, a copy of the written defense as filed. By a vote of the majority of the total membership present at the special meeting, the association may remove the Director and fill the vacancy.

Article 9 DUTIES OF DIRECTORS

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 shall have, and is hereby given, full power and authority (to be exercised by resolution adopted by a majority vote of all 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 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 a 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 the Member, 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 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 person or persons signing such checks and form thereof at will.

Article 10

DUTIES OF DIRECTORS

10.1 Duties of the President. The president shall preside over all meetings of the Association and the Board, call special meetings of the Board, 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 the president may be authorized or directed to sign by the Board, provided the Board 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.

10.2 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 may declare the office vacant and elect the president's successor.

10.3 Duties of the Secretary. The secretary shall keep a complete record of all meetings of the Association and of the Board and shall have general charge and supervision of the books and records of the Association with the exception of financial records. The secretary shall sign all membership certificates and with the president or General Manager as designated by the Board, such other papers pertaining to the Association as the secretary may be authorized or directed to do so by the Board. The secretary shall serve all notices required by law and these By-Laws and shall make a full report of all matters and business pertaining to the office to the membership at the annual meeting. The secretary 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. The secretary shall keep a proper membership certificate record, showing the name of each member of the Association, and date of issuance, surrender, cancellation, or forfeiture. The secretary shall make all reports required by law and shall perform such other duties as may be required by the Association or the Board.

10.4 Duties of the Treasurer. The treasurer shall keep a complete record pertaining to the finances of the Association and shall perform such duties with respect thereto as may be prescribed by the Board.

Article 11
BENEFITS AND DUTIES OF MEMBERS

11.1 Pipelines. The Association will install, maintain, and operate a main distribution pipeline(s) from the source of the water supply and service line(s) from the main distribution pipeline or lines to the property line of each Member, 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(s) from the main distribution pipeline(s) 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(s), 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 the flow of water on and off.

11.1.1 Economically Unfeasible Service Lines. In the event that the Board determines that it would be economically unfeasible for the Association to extend a service line from the main distribution pipeline(s) to the property line of any Member, the Association may enter into an agreement with such Member for the payment by the Member of some or all of the cost of such service line. Alternatively, such Member may, at the Member's option, surrender their membership certificate to the Association and shall thereupon be entitled to a refund of their membership fee and other charges paid by such member before the issuance of his/her membership certificate.

11.1.2 Service Line Fee. The holder of each membership certificate, upon execution of the water user's agreement, as prescribed by the Board, shall be entitled to one service line from the Association's water system, provided that the Member shall be required to pay a fee set by the Board for such service line. The Board may provide by resolution that from and after a certain date set forth in such resolution, said fee shall be the sum specified in such resolution.

11.1.3 Noninterference. 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.

11.1.2 Member Responsible for Ultimate Connection. Each Member will be required to dig or have dug, a ditch for the connection of the service line(s) from the property line of the Member to their dwelling or other portion of their premises requiring and approved for water and will also be required to purchase and install the portion of the service line(s) from their property line to the place of use on their premises. Each Member will be required to maintain such portion of such the service line(s) which shall be owned by the Member, at the Member's own expense. The Association may, at the direction of the Board, purchase the pipe for and

install such portion of such service line(s), at the expense of the individual Members served by the service line(s).

11.2 Water. 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, water for domestic, livestock, garden, industrial, and commercial purposes as a Member may desire, subject to the provisions of these By-Laws and such rules and regulations as may be prescribed by the Board from time to time. Each Member shall be entitled to have delivered to them through a single service line only such water as may be necessary to supply the needs of the persons residing in a single dwelling, of the livestock owned by such persons, and to irrigate a garden and lawn of not to exceed one-half (0.5) acre, or such water as is needed to supply the industrial, commercial or domestic needs of the Member if the 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. Residential connections shall not exceed one (1) single family dwelling upon one (1) meter, except as provided in Section 11.2.1.

11.2.1 Temporary Hook-Ups and Supplementary/Hardship House Use.

Notwithstanding the provisions of Section 11.2, temporary hook-ups in addition to one (1) single dwelling upon one (1) meter may be made upon application to and approval by the Board. Applications for supplementary or hardship house uses shall be made based on a medical need as required by the county where the Member's property is located and must be accompanied by a doctor's statement showing need and an approved land use variance as required by the relevant county. Temporary hook-ups and hardship uses will be terminated once the need or hardship is overcome. Temporary hook-ups and hardship uses may require use of a storage tank and auxiliary pump. Members receiving approval for a temporary hook-up or hardship use shall sign such agreements as the Board may designate for such connections to the Association's water system.

11.3 Insufficient Supply. 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, and may also prescribe a schedule of hours covering the use of water for garden purposes by particular Members and require adherence thereto, or prohibit the 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 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 garden and industrial and commercial purposes.

11.4 Flow Restrictions; Storage. The Board may adopt policies concerning the installation of flow restrictors and require Members to maintain water storage tanks as may be necessary to maintain adequate water supply and pressure throughout the water system.

11.5 Service Charges. The Board shall, prior to the beginning of each fiscal year, determine the flat minimum monthly water charge to be charged to each Member during the following fiscal year for a specified quantity of water, such flat minimum monthly water charge 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. The Board shall also fix the date for the payment of such charges and notify each Member of the amount of such charges and the dates for the payment thereof. A Member shall pay such charges at the Primary Office of the Association at or prior to the dates fixed by the Board to be entitled to the delivery of water. The failure to pay water charges duly imposed shall result in the following which may be revised by the Board at its discretion:

11.5.1 Interest. Interest shall accrue and be charged on all unpaid amounts due to the Association at the rate of 1 percent (1%) for every thirty (30) days a charge remains unpaid after it is due.

11.5.2 Late Fee. If any amount remains unpaid for 60 days after it is due a Member shall be assessed a late fee of ten dollars (\$10).

11.5.3 Demand for Payment. If an amount equaling more than two months of the then effective monthly minimum charge remains unpaid for 60 days after it is due, on or about the 21st of the month after charges in excess of an amount exceeding two months of the then effective monthly minimum become 60 days overdue, Members shall be sent a notice of past due amounts owed demanding payment by the 15th of the month following the month in which the demand for payment is sent. In the event a property is rented, notice may, but is not required to be, sent to the tenant.

11.5.4 Termination of Service for Nonpayment/Lock Fee. If the outstanding charges are not paid by the 15th of the month following the month in which the demand for payment under section 11.5.3 is mailed the Member's service shall be shut off for non-payment and the Member shall be assessed a lock/unlock fee of \$100.

11.5.5 Termination of Membership. A member whose water service is shut off due to nonpayment three times in two years is subject to termination of membership in the Association at the discretion of the Board if payment is not made within 180 days of the date for payment of charges set by the Board in a notice of pending termination sent to the Member. Termination of membership shall proceed in the manner provided in Section 5.7.

11.5 Water User's Agreements. The Board shall require each Member to execute a water user's agreement which shall embody the principles set forth in the foregoing sections of this article, as well as any other terms which the Board deems necessary and proper.

Article 12
DISTRIBUTION OF SURPLUS FUNDS

The Association is not expected to generate any net income, and all net income shall be distributed to the Association’s capital reserve. At the end of each fiscal year, after paying the expenses of the Association for operation and otherwise, after setting aside reserves for depreciation on all buildings, equipment and office fixtures and such other reserves as the Board may deem proper, 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 shall distribute the remaining funds to the Association’s capital reserve.

Article 13
CAPITAL RESERVE REFUND

The Association will not pay Members dividends, except as may be deemed appropriate by the Board in accordance with this Article. In the event the Board determines at the end of any fiscal year in the Board’s sole and exclusive discretion that the capital reserve is in excess of the reasonable requirements of the Association, the Board shall cause the surplus to be distributed to Members in accordance with the Member Equity Calculation set forth in the Corporations Articles of Incorporation. Any indebtedness to the association of a Member may be deducted by the Association in making any such refund.

Article 14
RESERVED FOR EXPANSION

Article 15
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 Association so as to decrease its rights and powers under the laws of Oregon, 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.

ADOPTED AND APPROVED BY:

_____ _____, Director	_____ _____, Director	_____ _____, Director
_____ _____, Director	_____ _____, Director	

