

Restated  
Bylaws  
Firgrove Mutual Inc.  
Adopted May 29, 2008

ARTICLE 1  
General Purposes

The specific purpose for which this corporation is formed is to provide potable water and related services to customers within the service area of Firgrove Mutual Inc. The corporation shall have all other powers as authorized in the Articles of Incorporation.

ARTICLE 2  
Name and Location

Section 1. **NAME:** The name of this corporation is Firgrove Mutual Inc.

Section 2. **LOCATION:** The principal office of this corporation shall be located in the County of Pierce, State of Washington, but the corporation may maintain offices and places of business at such other places as the Board of Trustees may determine.

ARTICLE 3  
Seal

**SEAL:** The Corporation may have a corporate seal, however, the corporation's seal is not required to validate any official actions taken by the corporation.

ARTICLE 4  
Fiscal Year

The fiscal year of the corporation shall begin the first day of April in each year.

ARTICLE 5  
Membership

Section 1. **QUALIFICATIONS FOR MEMBERSHIP:** The Corporation shall maintain a membership register setting forth the names of all members of the corporation. Each member shall be assigned a numerical number running chronologically starting with the number 1. When a member's interest is transferred, the new member shall be assigned the same number as the former member. Those persons or entities owning real property within the service area of the corporation and requiring potable water, are eligible for membership in the corporation. The person or entity requesting potable water service shall apply for membership to the corporation. If the corporation has water available, the applicant may become a member upon complying with the Bylaws, paying all prescribed membership fees and other charges, and signing any agreements required by the corporation. The Board of Trustees, or their designee, will have the applicant's name added to the membership register which will authorize the member to receive potable water from the corporation. No person otherwise eligible shall be permitted to subscribe for or acquire a membership of the corporation if the corporation's committed water capacity is not sufficient to meet the applicant's needs. The Board of Trustees has the authority from time to time to establish, in writing, the charges for membership to this corporation, and all other fees and charges in reference to the furnishing of water to the members.

Section 2. **MEMBERSHIP COSTS:** The cost of the membership fee represents insofar as is practicable, that member's prorata share of the corporation's capital facilities cost for its water distribution system. The corporation may require new applicants to contribute toward any cost of extending and/or expanding the capacity of the system to meet the requirements of any new member. The corporation may (but is not required) enter into latecomer agreements for a period of no longer than ten (10) years, which will reimburse any new member for a portion of the cost of extending and/or expanding the system from additional new members which connect to the extended or expanded system. The Board will adopt the

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form of the latecomer agreement to be signed by the Board, or its designee, and the new member. The member will pay for the meter, hookup charges, and any other miscellaneous charges required by the corporation. The corporation will install a cut-off valve in each service line from its main distribution line or lines, which will allow the corporation to terminate service to the member's property. The corporation shall further establish reasonable charges for water service and other miscellaneous charges as the Board may set from time to time.

Section 3. ***NO ADDITIONAL WATER CONNECTIONS:*** After service has initially been connected to a member's residence or building, that member shall not extend the service to additional separate improvements, such as mobile homes, campers or trailers without Company approval and payment of appropriate charges. The facilities shall be deemed a permanent improvement and the member is required to purchase a separate water meter, new membership, and pay such other charges as have been established by the Board when the lot is subdivided and/or new full permanent residence or buildings have been constructed.

Section 4. ***MEMBERSHIP TRANSFERS:*** A member of the corporation must be the legal owner of the real property to which water service is provided. At such time as the member transfers ownership title to the real property owned by the member, the membership in this corporation shall automatically transfer to the new owner, provided all costs and charges owing from the prior member are paid in full. Upon verifiable notification of transfer of title to the real property and payment of all charges, the new member's name shall be placed on the membership register replacing the old member. The former written certificates of memberships which were previously issued by the corporation are no longer valid as proof of membership in the corporation. A member may transfer the member's patronage account to the new member by signing a written document transferring the same.

Section 5. ***MEMBERS MUST COMPLY WITH CORPORATION RULES:*** Members must comply with corporation rules and regulations established by the Board of Trustees in connection with the supply of water, the corporation has the right to terminate water service to the member in accordance with the corporation's written policy and in compliance with State Law, in addition to the imposition of any costs, interest or penalties which the corporation has under the Bylaws, rules and regulations of the corporation. A member is responsible for all water charges and is responsible for the occupants of the premises compliance with the rules, regulations and policies as adopted by the Board, whether or not the member is personally living on the premises. The member may authorize lessees and other persons using the real property to contract for water service with the corporation, and those persons shall be deemed to be agents of the member for the purpose of contacting for water service and complying with the rules of the corporation. The corporation shall have the right to impose restrictions on the amount of use of water from time to time by action of the Board for purposes of water conservation, and to restrict the use for irrigation or watering. It shall be the duty of the member to comply with any conservation measures adopted by the Board.

It shall be the member's responsibility to install and maintain the waterline from the meter to the improvements on the member's real property and shall immediately repair any water leaks in said lines. The corporation maintains and operates a main distribution pipeline or lines from the source of the water supply to the meter of each member of the corporation. A meter shall be required at each delivery point on the property line or easement of each member; or if commercial or unique circumstances at an approved exception by the Company. The members shall pay for the membership fee, meter, hook-up charges, and any other miscellaneous charges required by the corporation such as, but not limited to, material charges, or latecomer fee agreements. In addition, the members shall pay for the appropriate cost of bringing the water line from the closest main line to the member's point of usage. All meters shall be and remain the property of the corporation regardless of the location. The corporation will also 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 corporation and the member shall not in any manner operate the shut-off valve without the corporation's permission. The corporation shall have the sole and exclusive right to operate said valve.

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Section 6. **FIRE FLOW:** It shall be mandatory upon each member in case of fire in that member's area, to see that all sprinklers and unnecessary water outlets are shut off.

Section 7. **NON-PAYMENT FOR THIRTY-SEVEN (37) DAYS AFTER BILLING DATE:** If the bill for water service remains unpaid thirty-seven (37) days after it was mailed, the corporation shall impose a late charge on the member or users' account in accordance with policy; in addition, a notice will be deposited in the U. S. Mail, stating that water service to the property will be scheduled for shut off. If the bill is not paid prior to the scheduled shut off date, notice will be posted on the door of member or users' service address and the corporation will discontinue water service to that property the following day. Restoration of service shall take place only after the delinquency, late charges, shut off and reconnection charges have been paid in accordance with policy.

- A. All fee, late charges and reconnection charges shall be established by the Board of Trustees.
- B. The corporation may impose a twelve percent (12%) per annum interest charge on delinquent bills not paid within thirty-seven (37) days of mailing.

Section 8. **CORPORATION EQUIPMENT DAMAGE:** In the event of any waste or damage to the corporation's equipment, meters, connections, works or lines caused by a member or by persons using the member's premises, then the member shall be required to pay the cost of repairing same. This cost shall be added to member's water bill.

Section 9. **MEMBERSHIP RESIGNATION:** A member may resign from the corporation and have his name removed from the membership register. The corporation shall not pay the member for cancellation of the membership. If a membership is canceled, prior to issuance of any new water service to the real property, the owner must purchase a new membership.

Section 10. **ENTRY ONTO PREMISES:** As a condition to membership in the corporation, the member grants to the corporation the right for the corporation to come onto the property of the member and inspect the exterior of the premises and the water lines serving the premises to determine that the member is in compliance with the Bylaws. Should a member refuse to allow a representative of the corporation to inspect the premises then the corporation may terminate water service to the premises upon giving a prior seven (7) day notice and the water service need not be reestablished until the member gives access to the premises for inspection and pays the reasonable cost of shut off and reconnection.

ARTICLE 6  
Meeting of Members

Section 1. **ANNUAL MEETING:** The annual meeting of the members of this corporation shall be held at the corporate offices or other designated location within the franchise boundaries of this corporation in the County of Pierce, State of Washington at 8:00 p.m., on a date during the last three weeks of June as set by the Board of Trustees.

Section 2. **SPECIAL MEETINGS:** Special meetings of the members may be called at any time by the action of the Board of Trustees and such meetings must be called whenever a petition requesting such meeting is signed by at least ten (10) percent of the members and presented to the secretary or to the Board of Trustees. The purpose of every special meeting shall be stated in the notice thereof, and no business shall be transacted thereat except such as is specified in the notice.

Section 3. **NOTICE:** Notice of meetings of members of the corporation may be given by a notice mailed to each member of record, directed to the address shown upon the books of the corporation, at least ten (10) days prior to the meeting. Such a notice shall state the nature, time, place and purpose of the meeting, but no failure or irregularity of notice of any annual meeting, regularly held, shall affect any proceedings taken thereat.

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Section 4. **VOTING:** The members present at any meeting of the members shall constitute a quorum. The voting powers of the members of this corporation shall be equal, each member shall have one (1) vote only. Any member's voting rights may be vested in a duly authorized agent, and no given agent shall control more than one (1) vote. Any such delegated authority shall be in writing and notarized by a notary public.

Section 5. **ORDER OF BUSINESS:** The order of business at the annual meetings and so far as possible at all other meetings shall be:

1. Signing the register.
2. Calling to order and proof of a quorum.
3. Proof of notice of meeting.
4. Reading and action on any unapproved minutes.
5. Reports of offices and committees.
6. Election of trustees.
7. Unfinished business.
8. New business.
9. Adjournment.

Section 6. **PROCEDURE OF MEETINGS:** All meetings of the corporation shall be governed by "Robert's Rules of Order, Revised."

ARTICLE 7  
Trustees and Officers

Section 1. **TRUSTEES:** The Board of Trustees of this corporation shall consist of five members, all of whom shall be members of the corporation. All trustees shall be elected by a majority vote by ballot of the members present or represented by a duly authorized agent at the annual meeting. Interested candidates should submit a Letter of Interest at least thirty (30) days prior to the annual election to be placed on the ballot. Under unique circumstances the Board may waive this requirement. The business and property of the corporation shall be managed by the Board of Trustees. The Board of Trustees shall have all of the powers authorized for Trustees under the laws for nonprofit corporations for the State of Washington now existing or hereafter amended, subject only to such restrictions as are set forth in the Articles of Incorporation and these bylaws. The Trustees are elected for three (3) years with staggered terms.

Section 2. **ELECTION OF OFFICERS:** The Board of Trustees shall meet within ten (10) days after the annual election of trustees and shall elect a president and vice-president from among themselves and 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. A majority of the Board of Trustees shall constitute a quorum at any meeting of the Board.

- a. **President Duties:** The president shall preside over all meetings of the corporation and the Board of Trustees, call special meetings of the Board of Trustees, perform all acts and duties usually performed by an executive officer, and sign such papers of the corporation as may be authorized or directed to sign by the Board of Trustees. The Board of Trustees may authorize any person to sign any or all checks, contracts and other instruments in writing on behalf of the corporation. The president shall perform such other duties as may be prescribed by the Board of Trustees.
- b. **Vice-President Duties:** The vice-president of the Board of Trustees shall act for the president in the president's absence and perform such other acts as the president may direct.
- c. **Secretary Duties:** It shall be the duty of the secretary of the Board of Trustees to keep all records of the Board and of the corporation, and to perform such other acts as the president may direct.
- d. **Manager Duties:** The manager will be directly responsible for overseeing the day-to-day operations of the corporation and shall be hired directly by the Board of Trustees. The

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- manager shall not be an officer of the corporation nor member of the Board of Trustees.
- e. ***Persons Entrusted with Corporation Funds:*** The corporation may obtain surety bonds or insurance to protect the corporation from any dishonest acts of persons authorized to handle the funds of the corporation.

*The Board of Trustees shall designate those persons having signature authority for financial accounts.*

Section 3. ***REMOVAL OF TRUSTEES:*** A Trustee position may be declared vacant under the following circumstances:

- a. The Trustees shall have the right to declare vacant the position of any Trustee who fails to attend three (3) consecutive regular board meetings, or fails to attend two-thirds of the regular board meetings in any one year without the excused consent of the Board as noted in the corporate minutes. If either of the above absences occur, the Board at the next board meeting shall take action to determine whether or not the Trustee's position should be declared vacant. The affected Trustee shall be given notice by regular U. S. mail of the intention of the Board to consider vacating the Trustee position at the next board meeting. **Removal by Vote of Members:** If a petition is signed by ten percent (10%) of the members of the corporation to remove a Trustee, a special meeting of the corporation shall be called within four (4) months of the date the petition was filed for the purpose of voting on the petition.

Section 4. ***APPOINTMENT OF TRUSTEES:*** If the office of any Trustee becomes vacant, by reason of removal, as set forth above, or by death, resignation, or disqualification, then the remaining Trustees shall by a majority vote choose a successor who shall fill the unexpired term of the vacant position.

Section 5. ***COMPENSATION:*** Each member of the Board of Trustees shall be entitled to receive compensation as established by the Board members, not to exceed the following: Trustee \$200.00 per month; Secretary and Vice President \$250.00 per month; President \$300.00 per month.

Section 6. ***INDEMNIFICATION:*** Every person who is or was a party to, or is threatened to be made a party to, or is involved in, any action, suit, or proceeding, whether civil, criminal, administrative, or investigative, by reason of the fact that said person or the person's legal representative is or was a Trustee or officer of the corporation, or is or was serving at the request of the corporation or for its benefit as a Trustee or officer of another corporation, or as its designated representative, shall be indemnified and held harmless to the fullest extent legally permissible under the Washington Nonprofit Corporations Act from time to time against all expenses, liability, and losses (including attorney's fees, judgments, fines, and amounts paid or to be paid in settlement) reasonably incurred or suffered by him in connection therewith. Such right of indemnification shall be a contract right, which may be enforced in any manner desired by such person. Such right of indemnification shall not be exclusive if any other right which such Trustees, officers, or representatives may give or hereafter acquire, and without limiting the generality of such statement, they shall be entitled to their respective rights of indemnification under any Bylaw, agreement, vote of shareholders, provision of law, or otherwise, as well as their rights under this Article.

- a. This Article shall not be applicable to any person who commits a felony or criminal act involving moral turpitude.
- b. The Board of Trustees may, from time to time, adopt further Bylaws with respect to indemnification, and may amend these and such Bylaws to provide at all times the fullest indemnification possible.
- c. The Board of Trustees may cause the corporation to purchase and maintain insurance on behalf of any person who is or was a Trustee or officer of the corporation, or is or was serving at the request of the corporation as a Trustee or officer of another corporation, or as

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its representative in a partnership, joint venture, trust, or other enterprise, against any liability asserted against such person and incurred by any such capacity or arising out of such status, whether or not the corporation would have the power to indemnify such person. However, the Board of Trustees is not required to purchase the insurance.

ARTICLE 8  
Dissolution of Corporation

***DISTRIBUTION OF SURPLUS:*** Any distribution of surplus on earnings or gains on assets distributed under this Article shall be distributed to present and former members on the basis of the percentage of patronage of those members during the period of time in which the assets reflected were owned by the corporation. Upon dissolution of this corporation, any gains from the sale of an appreciated asset remaining, after all operating expenses and expenses for dissolution have been paid, shall be distributed to all members during the period which the asset was owned by the corporation in proportion to the amount of patronage by such members during such period. For this purpose, sufficient and reasonable records shall be maintained by the secretary on each user of, subscriber to, or member of this corporation and distribution of its assets or earnings thereon in excess of expenses above described shall be made in accordance with the above, insofar as possible.

ARTICLE 9  
Amendments

***AMENDMENTS:*** These Bylaws may be repealed or amended by a vote of majority of the members present at any annual meeting of the corporation, or at any special meeting of the corporation called for that purpose, except that the members shall not have the power to change the purposes of the corporation so as to decrease its rights and powers under the laws of the state, or to waive any requirements of bond or other provisions for the safety and security of the property and funds of the corporation or its members, or to deprive any member of rights and privileges then existing, or so to amend the Bylaws as to affect a fundamental change in the policies of the corporation. Notice of any amendments 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.

*These amended and restated Bylaws were approved by a majority vote of the members at the annual meeting held May 29, 2008.*