

Revised May 15, 2022

**BY-LAWS
OF
CLEAR LAKE WATER USERS ASSOCIATION**

ARTICLE I

1. Membership in Clear Lake Water Users Association (hereinafter referred to as Association) shall be limited to those persons owning real property described on Exhibit "A" attached hereto and incorporated herein by reference. Owner(s) are defined as the owner(s) of record listed by the Spokane County Assessor's Office. Voting members are defined as owners of improved real property who are receiving water services from the Association. Members entitled to vote may exercise their right in person or by proxy. Members are entitled to one vote for each separate parcel of improved real property receiving service. Members do not include renters; all assessments are charged to and owed by Member Owners who may then collect reimbursement from their renters.
2. The annual meeting of the membership of the Association shall be held on the 1st Monday of June *or date otherwise specified*. Special meetings of the membership of the Association may be called from time to time at the discretion of the Board of Directors of the Association (hereinafter referred to as the Board). The President shall call a special meeting within 30 days of receipt of a petition signed by 30% of the members calling for a special meeting.
3. At any meeting of the membership of the Association 25% of the members shall constitute a quorum. Members are entitled to one vote for each separate parcel of improved real property receiving service.
4. The purpose for which this Association is formed is to acquire, maintain, improve and operate a water works system to furnish a supply of potable water to its members; to conduct and carry on its business or any part thereof; and to exercise all or any of its corporate powers and rights in the State of Washington.

ARTICLE II

1. The business and property of the Association shall be managed by a Board of not less than three (3) nor more than seven (7) Directors.
2. The Directors of the Association shall be elected at the annual meeting of the membership. Any vacancy occurring on the Board during the year by reason of the death, resignation, or removal of a Director shall be filled by the Board. Such appointee shall serve until the next

annual election at which time their status will be confirmed by majority vote of the voting members where a quorum was established.

3. The term of office of the Directors of the Association shall be three (3) years or until their successors are elected and qualified, with at least one Director being elected each year. The goal is to maintain sufficient continuity of knowledge and experience in Board activities. Directors may remain on the Board beyond their three year term or serve successive terms with a majority vote of the membership that votes in person, in writing or by proxy at the annual meeting.

4. The Board shall hold quarterly and special meetings as the officers shall deem necessary for the competent management of the affairs of the Association. Notice of any special meeting shall be given to all Directors not less than three (3) days prior to the meeting. In an emergency, a meeting may be held immediately by a majority of the Directors.

5. Each Director shall possess one vote in matters coming before the Board. Matters coming before the Board shall pass only with a majority of Board member votes.

6. Any Director may be removed from office by a vote signed by two-thirds of the membership of the Association. Notice of the proposed removal of a Director must be given to such Director prior to the date of the meeting at which such removal is to be voted upon. Notice to the Director must state the cause for the proposed removal.

7. Any decision by the Board (including, but not limited to day-to-day management; commitment to contracts or loans; legal and collection matters; expenditure of funds for repairs, maintenance, employee and contractor retention and pay and/or capital improvements) may be overturned by a vote signed by a majority of the members of the Association.

8. Unexcused absence from three (3) meetings of the Board shall be due cause for removal of a Director.

9. Following the annual meeting, the Board shall elect from their number the following officers: President, Vice-President, Secretary and Treasurer. All Directors shall be members of the Association. Remaining Directors shall serve the Board as Members at Large, attending all meetings of the Board, casting his or her vote on matters before the Board, and completing any other tasks on behalf of the Association as agreed upon with the Board.

10. No Director shall be personally liable to the Association or its members for conduct as a Director as may be permitted by law (see Article XI).

11. The Association shall maintain a written conflict of interest policy available to its Members, reviewed by the Board at least annually, to address issues including election to the Board, employment, business transactions conducted with the Association, and other issues that may create a conflict of interest or appearance of bias or unfairness when interacting with or on behalf of the Board.

12. The Board shall keep the Members of the Association apprised of all significant capital improvements and substantial business conducted on behalf of the Association at least quarterly via a newsletter mailed with the Members' water utility bills.

ARTICLE III

Duties of Officers

1. President. The President of the Board shall supervise all activities of the Association; execute all instruments on its behalf; preside at all meetings of the Board and of the membership of the Association; call such meetings of the membership as shall be deemed necessary other than the annual meeting of the membership; assure an audit is conducted when the Board deems this action advisable; and perform such other duties usually inherent in such office.

2. Vice President. The Vice President of the Board shall act for the President in his/her absence and perform such other acts as the President may direct. In addition, the Vice President shall supervise the activities of the Water Distribution Specialist (WDS), be responsible for preparation of the annual Consumer Confidence Report (CCR) and ensure Members' compliance with State irrigation backflow device requirements and reporting.

3. Secretary. The Secretary of the Board shall keep minutes of all meetings and perform such other acts as the President may direct.

4. Treasurer. The Treasurer shall be accountable for all funds belonging to the Association; pay all obligations incurred by the Association when payment is authorized by the Board; maintain bank accounts in depositories designated by the Board; provide financial reports at quarterly and annual meetings; supervise the bookkeeper's activities; oversee work performed by accountant(s) on behalf of the Association; ensure all required employment, tax and business reports are timely filed and paid with the Secretary of State, Department of Revenue and U.S. Treasury; and perform such other acts as the President may direct.

ARTICLE IV

Amendments

These Bylaws may be amended by the Board. The membership will be notified in writing of any amendments made by the Board within thirty (30) days. Members of the Association shall have the right to make, alter or rescind any Bylaw at the regular annual or special meeting provided that the substance of any amendment or change shall be sent out in the notice of the special or regular meeting.

ARTICLE V

Service

To ensure the availability of an adequate supply of potable water at reasonable pressure and at uniform cost, the following rules are adopted:

1. Water shall be available to those lands described in Article I, paragraph 1.
2. All new connections to the Associations system shall be by written request and accompanied by a plan showing the point of connection, size, type and other descriptions of the pipes, valves and other fittings used, depth of bury, and requirements imposed by the Association. Such plans are subject to approval by an engineer selected by the Association. All costs, including the charge of the Association engineer, shall be paid by the applicant. The Association may require a hook-up fee to place newly serviced parcels on a par with parcels that may have paid for improvements out of previous revenue or assessments. The extension of water mains or connection of laterals needed to serve lands in subdivisions and plats shall be at the expense of the developer or landowner. A water plan shall be drawn by a professional engineer and approved by the Association and the State of Washington Department of Health and/or other governmental agencies as required by law. The water mains/laterals shall be constructed in accordance with specifications on file with the Association and, upon installation, shall become the property of the Association. The Association shall have the right to have its engineer approve any and all lines, mains and laterals prior to backfilling. Mains and/or laterals installed by a developer shall be warranted to be free of defects in workmanship or materials for a period of one year from acceptance by the Board.
3. Assessment for major repairs or improvements shall be for the benefit of all lands served by the Association and be charged against improved parcels receiving service.
4. This Association shall raise funds to finance operation and maintenance of the Association's system by both regular and special assessments as deemed necessary to cover major repairs and improvements.
5. No water user shall permit his portion of the water system to leak or permit the waste of water to the detriment of other water users. The Board reserves the right to impose limits on water usage in the event of water shortages or problems with the delivery system. If this occurs, the Board will make every effort to contact every water user of the requirement to conserve water. From June 1 through September 15 all water users will be restricted to alternate day lawn and landscape watering based on address. Even numbered addresses will be allowed to water on even numbered calendar days and vice versa for odd numbered addresses.
6. Extreme or prolonged cold weather can drive frost down to the underground water lines. Only the movement of an adequate quantity of water can prevent freezing in these cases. It is the users responsibility to allow sufficient water to flow to prevent freezing. The cost of thawing or repair of damage to the system caused by the water users failure to allow sufficient flow of water to prevent freezing will be charged to the user.

7. To protect the water supply from contamination or pollution, backflow devices are required on all sprinkler systems and will be installed at the user's expense. Backflow devices to be installed shall be approved in advance by the WDS to assure that it is a model approved by the State of Washington Department of Health and/or other governmental agencies as required by law. The policies, procedures, and criteria for determining proper levels of protection shall be in accordance with the Accepted Procedure and Practice in Cross Connection Control Manual-Pacific Northwest Section-American Waterworks Association, Fourth Edition or by superseding editions. Member users with in-ground sprinkler systems are required to submit annual proof of passing a backflow device test, conducted by a professional in this industry, no later than June 15th. Failure to timely submit this required test (or to notify the Board that their irrigation system is non-functioning) is cause for the Association to shut off the User's water connection and/or charge an additional fee to the User to encourage compliance.
8. It is the user's responsibility to provide monthly water meter readings to report their water usage. Monthly bills will be based on these meter readings. If no meter readings are provided, the following month's bill will be estimated based on a 12-month average of annual usage until a meter reading is received based. Accounts more than 30 days past due shall carry a service charge of \$20.00 or 5% per month, whichever is greater. Under unusual circumstances the Board can approve modifications or forgive the late fee.
9. An account due to the Association for a period of 60 days or more is delinquent. Service to a member whose account is delinquent, or who may have violated these rules, may be terminated by giving a "Shut-Off-Notice" not less than 15 days prior to the time of terminating service. Such notice shall give the member an opportunity for hearing before the Board and shall be served on the Member Owner and any renter of record by certified mail, return receipt requested, at the expense of the Member Owner.
10. Delinquent accounts may, in addition, be collected by civil suit in an appropriate court. Payment of any costs or fees incurred in collecting a delinquent account shall be a condition for receiving service.
11. Services discontinued for non-payment of charges or violation of these rules shall have services restored after payment of all sums due plus all costs involved in terminating and restoring service, including the installation of a shut-off valve box.
12. Return check charges will be assessed to cover bank fees plus Board costs. Also, the bank will not allow returned checks to be resubmitted.
13. Each resident shall be served by a separate service including meter, external shut-off valve and meter box, at their initial expense. Meters shall be replaced, as the Board deems necessary, at

the expense of the Association. Meters that are damaged or rendered inaccessible by the Member Owner or their agent shall be repaired or replaced at the expense of the Member Owner.

14. New construction or services: Parties requesting service shall pay all costs for establishing the service including street and blacktop excavation and replacement, if any, and all labor and materials including the cost of meter, shut-off valve and meter box. All installation up to the customer's side of the meter shall be the property of the Association upon installation. If extension of a mainline is necessary, the customer will pay all costs to extend the water main to the next property line, including the cost of a fire hydrant if deemed necessary by the Board for maintaining the ability to flush the main water lines. For additional requirements for new service connections, see Article V sec. 2.

15. Existing Water Services: Parties are responsible for the upkeep and repairs to their respective water service line(s). Member Users' responsibility for their respective water service line(s) begins at the street side "curb stop shut-off" and extends into the residence.

16. No person shall tap onto the Association's water system without approval of the Board, nor shall any person disconnect, remove or otherwise tamper with any water meter. All service lines must be metered at the Member User's expense, except the cost of replacement meters as indicated in Article V sec. 13.

ARTICLE VI

The rate for domestic water service, billing structure, and payment methods accepted shall be determined by the Board, and water utility bills shall be paid monthly. A hook-up charge shall be assessed to include purchase of the water meter from the Association and all costs necessary to hook up the new service to the existing system, together with any assessments paid by other water users for connection to the system. The Board has the authority to set and charge a hook-up fee that reflects the costs of the current system. Any change in hook-up fee will be documented in the Board minutes and discussed at the next Annual Corporation Meeting.

ARTICLE VII

The latest edition of Roberts Rules of Order shall be the authority for the orderly conduct of business.

ARTICLE VIII

1. All funds belonging to the Association shall be deposited in checking or savings accounts as the Directors may direct. Both the President and Treasurer shall have access to and be listed as

authorized signors on all accounts held on behalf of the Association. The President shall conduct quarterly audits of these accounts, which are maintained by the Treasurer in the ordinary course of business, and any Member of the Association may demand an audit of the account(s) by the Board as a whole. Any checks written for more than \$2,000 shall be signed by two designated individuals or shall be issued via Bill Pay from the account where at least two designated individuals have access and are authorized signors. Designated individuals include Directors of the Board and other individuals as may be appointed by the Board.

2. A Capital Improvement Fund shall be established to accumulate funds specifically designated for expenditures on Capital Improvements. The amount set aside for capital improvements shall be determined by the Board each year. Expenditures of these segregated funds for capital improvements must be approved by the Board and may only be spent on capital improvements.

ARTICLE IX

Membership in this Association shall be appurtenant to the land and once granted may not be revoked. This Bylaw shall not be construed to prevent termination of domestic water service to any member who is delinquent in payments to the association or has in any way violated these Bylaws or other rules or regulations of the Association.

ARTICLE X

Employees

The Association will employ, or contract for hire, two permanent part-time positions (Water Distribution Specialist and Bookkeeper), financed by the Association operating funds. See Article III for supervisory responsibilities. Any other employees or independent contractors will be hired at the discretion of the Board.

ARTICLE XI

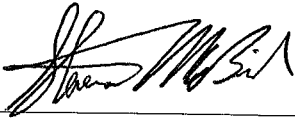
Indemnification

1. A Director or officer of the Association shall, at the discretion of the Association by and through its Directors, an employee or an agent, be indemnified against any liability, costs, claim or expense (including attorney fees), civil, criminal or by way of settlement, incurred by or imposed against him/her by reason of the fact that he or she is or was a Director or officer (or employee or agent at the discretion of Directors) of the Association, in accordance with and to the fullest extent allowed by law in effect, or as hereafter from time to time amended.

2. The right of indemnification provided for in this Article shall be in addition to and not exclusive of any other rights to which those seeking indemnification may be entitled under any agreement, contract or insurance, resolution or otherwise, as allowed under law. Without limiting

the generality of the foregoing, such indemnification shall extend to amounts paid in settlement by a Director or officer, cover actions of a Director or officer both in his/her official capacity and in another capacity for the Association while holding such office, and continue as to be available to a person who has ceased to be a Director or officer and inure to the benefit of his/her heirs, executors, and administrators.

Revisions approved by and document executed this 15th day of May, 2022, in the County of Spokane, State of Washington, by the following current, undersigned Board Members/Directors for the CLWUA:

 5/16/22 electronic signature approved email dated 5/15/22
Steve McBride, President Date Julie Peck, Member at Large Date

 5/16/2022 Dale Roberts 5/16/22
Kelly Waterman, Vice Pres. Date Dale Roberts, Member at Large Date

 5/16/22 Jerry Castro 5/16/22
Kristina Nichols, Treasurer Date Jerry Castro, Member at Large Date

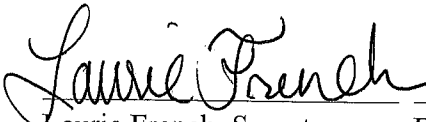
 5/16/2022
Laurie French, Secretary Date

EXHIBIT "A"

Owners of the following parcels are currently receiving water service or own vacant lots and may seek water service from the Clear Lake Water Users Association, therein then becoming Members of the Association, provided the Association has sufficient capacity and is authorized by all regulatory authorities to provide such water service:

Manor Haven Plat:

- Block 1: Lots 1 through 25 inclusive,
- Block 2: Lots 1 through 10 inclusive,
- Block 3: Lots 1, 8, 9, 13, 14, 15
- Block 4: Lots 1, 2, 4-10, 14
- Block 5: Lots 2, 4-10
- Block 6: Lots 1, 3, 5, 6, 8, 18

Short Plat #78-112:

- Tracts A, B, C, D and E.

Short Plat #79-135:

- Tracts A, B, C, and D.

Short Plat #79-136:

- Tracts A, B, C and D.

Plat of Lake Shore Terrace:

- Block 1: Lots 1 through 8 inclusive,
- Block 2: Lots 1 through 11 inclusive.

Additional parcels with water utility service served by Clear Lake Water Users Association:

- Parcel 14313.9021 (current owner: Cicero). Unplatted: South of S.P. 78-112.
- Parcel 14313.9060 (current owner: Dalziehl). Unplatted: North of S.P. 79-136.
- Parcel 14313.9006 (current owner: Lewellyn). Unplatted: East of Manor Haven.
- Parcel 14315.9007 (current owner: Clear Lake Home Owners Association). Unplatted community recreation area. Non-voting Member.)

All situated in Spokane County, State of Washington.