

**BY-LAWS
OF
SUN VISTA SUNLIGHT BEACH HOME OWNER'S ASSOCIATION
(A Washington Non-Profit Corporation)**

2011 Revision

Article 1 MEMBERSHIP

1. Qualifications: Membership in the Sun Vista/Sunlight Beach Home Owner's Association (the "Corporation"), shall be limited to owners of real property included in the Washington State Department of Ecology Permit to Appropriate Public Waters #G-26-066-P for Island County, State of Washington and who are a paid water patrons of the Corporation. Where property is held as joint tenants, or as members of a legally declared partnership for tax purposes, the parties shall be entitled to a single membership in the Corporation. Owners of property within the service area who are not water patrons of the Corporation can become members of the Corporation by first obtaining water service from the Corporation. A member's membership in the Corporation shall automatically terminate without any formal action by the Corporation whenever such member ceases to be a water patron of the Corporation.

2. Voting and other rights. Each membership shall have one (1) vote per paid water hookup account on record. Owners of more than one (1) property in the service area shall be entitled to one (1) vote per paid water hookup account on record. Such vote shall be exercisable in person, or by a timely proxy. The rights of all members are equal, and limited to voting in duly called meetings in accordance with these By-Laws. Members who are delinquent in payment of waters charges or assessments shall not be eligible to vote until delinquent amounts are paid, unless waiver of this restriction is approved by a majority of the non-delinquent members at a duly called meeting of the members. An action taken by a majority of the members to waive such restriction for any one member for that particular meeting shall apply to all members of the Corporation who were delinquent in payment of water charges or assessments.

3. Proxies; A member may appoint a proxy to vote or otherwise act for the member by executing an appointment form, signed either personally or by the member's attorney-in-fact or agent. A form of proxy will be mailed to all members along with the notice of the meeting no less than 30 calendar days in advance of membership meetings. Proxies must be signed and delivered to the Secretary before or at the time of the members' meeting. Proxies received after the deadline shall not be counted. A Proxy shall be valid for the meeting specified, or any adjournment there of not over 60 days past the original meeting date.

ARTICLE 2

MEMBERSHIP MEETINGS

1. Annual meetings: An annual meeting of members of the Corporation shall be held every

year. The Board of Directors shall set meetings in the month of June, or at a time and a date to be determined by the Board of Directors which shall not be over 14 months after the last annual meeting.

2. Special Meetings: Subject to the notice requirements of Section 4 below, special meetings of the members may be called at any time by the Board of Directors, or upon written request of any three (3) Directors, or upon written request executed by members representing at least twenty-five (25%) percent of the total votes of the Corporation.

3. Place of Meeting: All membership meetings shall be, annual, stated or special meetings of the Corporation membership, and shall be held in a locally convenient place designated by the Board of Directors of the Corporation, in a written notice provided to members.

4. Notice of Meetings: Notice of the time, place and agenda of each meeting of the members, whether annual stated or special, shall be given not more than 60 day before the meeting, and at least 14 days before the day on which the meeting is to be held. Notice to members entitled to vote at such meeting shall be provided by delivering email, a written or printed notice thereof to the member personally or by mailing such notice in postage prepaid envelope addressed to the member as it appears in the records of the Corporation. No publication of any notice of a meeting of members shall be required. If the member shall attend the meeting in person or is otherwise represented by Proxy, then no notice shall be required for that member. If any member shall, in person or by attorney duly authorized, waive notice of any meeting, whether before or after such meeting, notice thereof shall not be required for that member

5. Waiver of Notice: Notice of meetings of members shall not be required for any member who shall attend in person or by proxy a meeting that is adjourned for a period of not more than thirty (30) days. If a quorum is not obtained at the second meeting those present at the second meeting may conduct all business and provide written notice to members of the actions taken and such actions shall be binding on all members

6. Quorum: Twenty-five (25%) percent of the Corporation membership shall constitute a quorum for the transaction of business at any meetings of members. In the absence of a quorum, a majority of voting members present in person may adjourn the meeting and set the date of a rescheduled meeting not to be more than 60 days later. Notice as provided in section. 4 above shall be given of the rescheduled meeting.

7. Fixing of Record Date for Determining Members: For the purpose of determining members entitled to notice of or to vote at any meeting of members or any adjournment thereof, or in order to make a determination of members for any other purpose, the Board may fix in advance a date as the record date for any such determination. Such record date shall be not more than sixty (60) days prior to the date on which the particular action requiring such determination is to be taken. If no record date is fixed for the determination of members entitled to notice of or to vote at a meeting, the date and hour on which the notice of meeting is mailed shall be the record date and time for such determination. Such determination shall apply to any adjournment of the meeting.

ARTICLE 3
BOARD OF DIRECTORS

1. Qualifications: A Director must be a member of the Corporation qualified to vote as set forth in Article 1, Section 1 of these Bylaws.

2. Powers: The management of this Corporation shall be vested in the Board of Directors, which Board shall be empowered to take any action not inconsistent with applicable law, or with the Articles of Incorporation as amended, or with these By-Laws, which the Board by majority vote recorded, deems to be in the best interest of the Corporation's members. Commitments of expenditures of \$50,000.00 (fifty thousand dollars) or more must be put out to bid and approved by the Board , unless members approve no-bid contracts at a meeting of members.

3. Number and compensation: The number of Directors on the Board of Directors shall be not less than seven (7) nor more than nine (9) Directors, with the specific number to be set by the Board from time to time. Directors may be compensated for attendance at Board of Directors meetings in an amount approved at the prior Annual meeting. Directors may also be compensated for additional duties and services as requested and approved on written record. Directors will submit vouchers/detailed billing for reimbursement to the Board for payment. Any change in compensation to Directors shall be submitted to the vote of the total membership at the annual meeting. (2009 is 100 dollars per meeting.)

4. Election and Term of Office: Directors shall be classified with respect to the time for which they shall severally hold office by dividing them into three classes, each consisting of one third of the whole number of the Board of Directors, and all directors shall hold office until their successors are elected and qualified, or until their earlier death, resignation or removal. Notwithstanding the foregoing: (A) in 2011, in the first Director election immediately following the members' adoption of these Bylaws, three (3) directors shall stand for election for a term of three (3) years and two (2) Directors shall stand for election for a term of two (2) years, and (B) in 2012, three (3) directors shall stand for election for a term of three (3) years and one (1) Director shall stand for election for a term of one (1) year. At each annual Board of Director election thereafter, beginning with the Board of Director election in 2013, successors to the directors whose terms shall expire that year shall be elected to hold office for a term of three years, so that the term of office of one class of directors shall expire in each year.

5. Nominating Committee: The Nominating Committee appointed by the Board of Directors shall nominate members for service on the Board of Directors. The number of director nominees nominated shall be sufficient to fill all positions on the Board for the expiring term of that particular class. The candidates nominated shall be forwarded to the Secretary for recording and a copy shall be provided to the President 30 days before the annual meeting and made available to all members by mail notification. Members may nominate their own director candidate(s) by writing in the name(s) of the nominee(s) on the ballot or the proxy.

6. Place: Meetings of the Board of Directors will be held as determined to be necessary by the Board. Such meetings will be in addition to stated meetings required herein.

7. Board Annual Meeting: The Board shall meet, if necessary, following the annual meeting of members to organize and elect officers, and to transact such business as is on hand, at such meeting no notice shall be required if a quorum is present. This meeting can be held at any lawfully convened meeting of the Directors.

8. Stated Meetings: The Directors shall appoint dates for four stated meetings annually which shall be in addition to any other meetings and shall be announced to members on the Corporation's website and open to all members and all topics.

9. Special Meetings: the President, or any three or more Directors may call special meetings of the Board. Notice of such meetings may be by Email, telephone by the Secretary, US Mail, or hand delivery to the director in person, not later than 48 hours before the date of the special meeting of the Board. Notice shall not be required if waived by the Director, or the Director shall attend the meeting. Any and all business may be transacted at a special meeting.

10. Quorum: A majority of directors in office or five directors, whichever is smaller, shall constitute a quorum for transaction of business at any Board meeting. Attendance by telephone at such meetings shall be allowed and duly recorded. The actions of the Directors at such a meeting shall be fully binding.

11. Removal of Director: A director may be removed at any meeting upon having been given prior notice 48 hours in advance, and upon the vote of a majority of the elected directors serving.

12. Resignations: Any Director may resign at any time upon tendering in writing notice to the Secretary of the Corporation, and shall take effect at the time specified therein; and, the acceptance of such resignation shall not be necessary to make it effective. Absence from three (3) consecutive meetings of the Board of Directors without prior approval of the Board may, in the discretion of the Board, be construed as a resignation by the member so absent.

13. Filling of Vacancies: Any vacancy or vacancies created by death, resignation, removal, or by an increase in the number of Directors, or by virtue of initial unfilled vacancies on the Board of Directors, may be filled by a majority vote of the Board of Directors serving. Directors filled by the Board shall serve the remaining term of the departing director, or, if the vacancy was created by an increase in the number of Directors, until the next Annual meeting of members.

14. Presumption of Assent: A Director present at a Board meeting at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his or her dissent is entered in the minutes of the meeting, unless he or she files a written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof, or unless he or she forwards such dissent by registered mail to the Secretary

immediately after adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

15. Action by Board Without a Meeting: Any action required or which may be taken at a meeting of the Board may be taken without a meeting if a consent in writing, setting forth the action so taken or to be taken, shall be signed by all directors or committee members as the case may be.

16. Participation of Directors by Communication Equipment. Members of the Board or committees thereof may participate in a meeting of the Board or a committee by any means by which all directors participating can hear each other during the meeting. Participation by such means shall constitute presence in person at a meeting.

ARTICLE 4

COMMITTEES

The Board of Directors may, from time to time appoint committees for any purpose and may delegate to any such committee or to any officer or officers, such powers as the Board may deem expedient with power to sub delegate such powers if by the Board deemed desirable. Standing committees charged with on-going duties may be appointed to administer functional areas of the Board's work.

ARTICLE 5

OFFICERS

1. Officers: The elected Officers of this Corporation shall be a President (who shall be a Director), a Vice President (who shall be a Director), a Secretary (who shall be a Director) and a Chief Financial Officer (who shall be a Director). These Officers shall receive compensation for their services as determined by a vote at the prior year annual meeting of members. The Board of Directors may also appoint additional officers and agents as from time to time may appear to be necessary or advisable in the conduct of the affairs of the Corporation.

2. Term of Office: So far as practicable, all vacancies with respect to Officers shall be filled at the next meeting of the Board. All Officers shall be elected for one-year terms to serve until the next meeting of the members occurring after the date of election and thereafter until a successor is elected.

3. Removal of Elected Officers: Any elected Officer may be removed at any time, either for or without cause, by the vote of the majority of the Directors at any meeting called for that purpose. A removed Officer may continue to serve as a Director.

4. Vacancies: If a vacancy occurs in any office, the Board of Directors may elect or appoint a successor to fill such vacancy for the remainder of the term of the incumbent.

5. President: The President shall be the chief executive officer (CEO) of the Corporation and

shall have general and active control of its operations and affairs subject to the resolutions of the sitting Board members. The President shall preside, when present, at all meetings of the members, and of the Board of Directors. The President shall be an ex officio member of all committees except the Nomination Committee. The President shall have authority to expend annually without Board resolution, for corporate purposes, up to (\$5,000) Five Thousand Dollars of funds on hand. The President shall submit in a signed writing to the CFO and the Board an itemization of the purposes for which capital was expended.

6. Vice President: The Vice President shall perform all of the duties and functions of the President of the Board during periods of absence or inability of the President of the Board and shall perform such duties and exercise such other powers as may be assigned from time to time by the President or the Board of Directors.

7. Secretary: The Secretary shall attend to giving of notice of all meetings of members and of the Board of Directors and shall keep and attest true records of all proceedings there at. The Secretary shall have authority to attest any and all corporate instruments or writings and shall keep and account for all books, documents, papers and records of the corporation except those which are hereinafter directed to be in charge of the Chief Financial Officer, and shall generally perform all of the duties usually pertaining to the office of Secretary of a Corporation including a complete set of minutes of each Board meeting and the business transacted. In the absence of the Secretary, an assistant Secretary or Secretary pro tempore designated by the President of the Board shall perform the duties. The Secretary shall have possession of the records of the Corporation and take responsibility for their safekeeping. The Secretary shall provide to Corporation members, upon written request, copies of the minutes requested.

8. Chief Financial Officer: The Chief Financial officer (CFO) shall have the care and custody of all monies, funds and securities for the Corporation in and such depositories as the Board of Directors shall, from time to time, direct. The CFO shall have the power to endorse for deposit or collection all checks, drafts, notes, bills of exchange, or other commercial paper payable to the Corporation and give proper receipts or discharges therefore, shall keep all books of account relating to the business of the Corporation and shall render a statement of the Corporation's financial condition at each annual meeting of the members and whenever required to do so by the Board of Directors or the President of the Board. The CFO shall oversee all financial planning, ratemaking, and compliance with tax and finance laws applicable to the Corporation. In the absence of the CFO an assistant CFO or other Officer designated by the Board shall perform the CFO duties. The CFO is authorized to write checks for payment of the Corporation expenses upon receipt of an invoice approved in writing by another Officer of the Corporation or Directors supervising an activity at Board direction.

9. Additional Powers and Duties: In addition to the foregoing especially enumerated duties and powers, the several Officers and Directors of the Corporation shall perform such other duties and exercise such further powers as may be directed by the Board of Directors.

Article 6

INDEMNIFICATION OF OFFICERS AND DIRECTORS

1. **Right to Indemnification:** Each Director and Officer now or hereafter serving this Corporation, or who has served this Corporation during its existence, his heirs, executors and administrators, shall be indemnified by this Corporation to the fullest extent permitted under the laws of the State of Washington against all costs, expenses, penalties, fines, settlements, judgments and liabilities, including attorney's fees and including expenses incurred in securing indemnity from this corporation, reasonably incurred by or imposed upon him/her in connection with or resulting from any proceeding in which he/she is or may be a party by reason or his/her being or having been such Director or Officer or by reason of any lawful action alleged to have been taken on behalf of the Corporation or omitted by him/her as such Director or Officer. Reasonable expenses incurred by a Director or Officer who is a party to a proceeding shall be advanced by this Corporation prior to the final disposition of the proceeding pursuant to the procedure set forth in Article 6, Section 2 below, to the fullest extent permitted by Washington law; provided, however, that this Corporation shall indemnify and such indemnities in connection with the proceeding (or part thereof) initiated by such indemnities only if such proceeding (or part thereof) was authorized or ratified by the Board of Directors of this Corporation and only to the extent authorized by law. This right to indemnification shall be a contract right.

2. **Advancement of Expenses:** The right to indemnification conferred in this Article 6 shall include the right to be paid by the Corporation the expenses incurred in defending any proceeding in advance of its final disposition. An advancement of expenses shall be made upon delivery to the Corporation of an undertaking, by or on behalf of such indemnitee, to repay all expenses so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal that such indemnitee is not entitled to be indemnified.

3. **Restrictions on Indemnification:** No indemnification shall be provided to any such Indemnitee for acts or omissions of the indemnitee finally adjudged to be intentional misconduct or a knowing violation of law, for conduct of the indemnitee finally adjudged to be in violation of RCW 23B.08.310, for any transaction with respect to which it was finally adjudged that such indemnitee personally received a benefit in money, property or services to which the indemnitee was not legally entitled or if the Corporation is otherwise prohibited by applicable law from paying such indemnification. Notwithstanding the foregoing, if RCW 23B.08.560 or any successor provision is hereafter amended, the restrictions on indemnification set forth in this section shall be as set forth in such amended statutory provision.

4. **Insurance:** The Corporation shall obtain insurance on behalf of any person who is or was a

Director or Officer of this Corporation or is or was serving at the request of this Corporation as an Officer, against any liability arising out of the lawful acts of that person while serving in that capacity.

ARTICLE 7

MISCELLANEOUS

1. Record of Membership: The Secretary shall keep a complete written record of members of the Corporation. Whenever any person is admitted to membership under these By-Laws, the Secretary shall immediately enter in the records of membership the name of the newly admitted member, The Secretary shall review, from time to time, the membership records, and whenever it shall appear that a membership has terminated the records shall be annotated to show the termination.

2. Surety Bonds: The President shall obtain, and report to the Board, a Surety Bond assuring the faithful performance of the duties of the CFO and the Secretary as auditor, in such sums and form as adequate to cover the value of the property handled by each office during the tenure of the incumbents. All such bonds shall be for the benefit of the Corporation and shall be paid by the corporation.

3. Annual Audit: An annual audit shall be held as required by RCW based on the assets of the Corporation. Where it shall be lawful the Audit may be conducted by the Secretary of the Corporation and two members of the corporation not serving on the current Board of Directors, and which are familiar with financial reports, accounting and the law governing the financial administration of a Washington Corporation.

4. Fiscal Year: The fiscal year for all reports and records shall run from 1 January of each year to and including the 31st of December of the same year.

5. Assessments: The membership of the Corporation shall have the sole authority to vote approval/rejection of Assessments recommended by the Board of Directors. All such assessments shall be approved only where the purpose of the assessment is for the lawful purposes of the Corporation. The Board of Directors shall have the power and authority to expend all statutory reserve funds for emergencies and operations without the prior approval of the membership.

Article 8

AMENDMENTS

These By-Laws may be amended at any Special or Annual meeting of the members by two thirds (2/3) of the votes cast by the members present or represented by proxy. Members voting must be present in person or represented by a proxy duly and timely delivered to the Secretary of the Corporation.

Amended and Restated Bylaws for Submission to Members at Annual Meeting.

Approved - Date:

Secretary of the Corporation _____

Attested by Serving Directors

1. ----- 2. ----- 3. -----

4. ----- 5. ----- 6. -----

7. ----- 8. -----