

AMENDED BYLAWS  
of  
SUNNYSLOPE IRRIGATION COMPANY

ARTICLE I  
General Purposes

The purposes for which this corporation is formed, and the powers which it may exercise, are those set forth in the Amended Articles of Incorporation of the Corporation.

ARTICLE II  
Name and Location

Section 1. The name of this corporation is SUNNYSLOPE IRRIGATION COMPANY (the "Corporation").

Section 2. The principal office of the Corporation shall be located in Wenatchee, Chelan County, Washington, but the Corporation may maintain offices and places of business at such other places within the state as the Board of Directors may determine.

ARTICLE III  
Membership

Section 1. A person or other legal entity that meets the following requirements qualifies as a member of the Corporation:

- A. Owns land within the legal description attached as Exhibit "A."
- B. That land has reasonable accessibility to the Corporation's irrigation water system.
- C. Agrees that the landowner and its assigns and successors in interest are bound by all terms and conditions of the Corporation's bylaws, rules, and regulations as from time to time amended.
- D. Has access to shares of water from Wenatchee Reclamation District.

A person or legal entity that receives the approval of the Board of Directors of the Corporation is admitted to membership, conditioned on ongoing compliance with all of the above requirements, as from time to time amended. The charges assessed to each person or legal entity shall be those set annually by the board of directors.

Section 2. If a member ceases to meet the criteria for membership specified in Section 1, or fails to comply with these bylaws and the Corporation's rules and regulations as from time to time amended or if a member willfully obstructs the purposes and proper activities of the Corporation, the Corporation, through its Board of

Directors, may terminate that member's membership and may collect from that member any and all amounts that the member owes, including but not limited to reasonable attorney fees incurred for such collection.

Section 3. Transfers of membership shall be made only on the books of the Corporation, only to persons eligible to become members, only with the approval of the Board of Directors, and only if the member transferring is free from indebtedness to the Corporation.

#### ARTICLE IV Membership Certificates

Section 1. Each person or other legal entity, as a condition to being a member of the Corporation, agrees that its receipt of irrigation water delivered by the Corporation shall constitute its agreement to be bound by the bylaws and all rules and regulations of the Corporation as from time to time amended.

#### ARTICLE V Rules and Regulations

Section 1. Member, for value received, grants, bargains, and sells, conveys and confirms to the Corporation rights of way for the operation and maintenance of all pipelines of the Corporation on, over, across and through the lands of members for the delivery of irrigation water to other lands with the right and permission to enter upon all such lands for inspection, maintenance, repair, operation, and construction of pipelines and appurtenant equipment.

Section 2. Member and member user's heirs or assigns shall pay to the Corporation at the time specified by the Corporation for the right to the delivery of irrigation water, the charges, the charges set by the Corporation for delivery of water for member's land and member agrees that each such charge shall be a lien upon the land and the right to the delivery of water shall be and remain appurtenant to member's land and it shall not be used on any other land; in case of default in payment for a period of thirty (30) days after it is due, the Corporation, in addition to enforcing the lien, hereby given shall have the right to refuse and may at its option refuse, to deliver water until the entire charge and arrearages shall be paid with interest after maturity until paid; member agrees to pay the reasonable collection costs and attorney fees which the Corporation incurs in collecting any arrearage or enforcing its lien and the covenant to pay the charges shall be a condition precedent to the right of delivery of irrigation water. If the charge is not paid, the Corporation shall have no obligation to deliver the water and it shall not be liable for damages resulting in non-delivery.

Section 3. The Corporation will maintain an irrigation water delivery point and at that point which, in its judgment, is appropriate for the delivery of irrigation water to member's land. The member shall convey the water from this delivery point to member's land at the member's sole risk, cost and expense.

Section 4. Member shall use all water delivered by the Corporation for irrigation purposes only and for no other purpose and member shall not allow water to be used on any land except member's land nor shall member permit the water to runoff on contiguous land or spread to other land nor in any manner used inefficiently or permitted to run to useless waste.

Section 5. Member's right to the deliver of irrigation water shall be transferable only on the authorization of the Board of Directors and all agreements and covenants relating to the delivery of water shall be a lien upon and bind the land and upon breach or violation of any of the bylaws, rules or regulations, as from time to time amended, by the member or member's heirs or assigns, the Corporation may, in its option, foreclose the lien and/or declare member's rights at an end.

## ARTICLE VI

### Meetings of Members

Section 1. The Directors shall mail, email, deliver, or fax written notice to the Corporation's members setting the date for the annual meeting.

Section 2. Special meetings of the members may be called at any time by the action of the Board of Directors and such meetings must be called whenever a petition requesting such a meeting is signed by at least twenty-five percent (25%) of the members and presented to the secretary or to the Board of Directors. 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 of meetings of members of the Corporation may be given by a notice mailed, emailed, or faxed to each member of record, directed to the address, email address, or fax number 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 the proceedings taken thereat.

Section 4. The members present at any meeting of the members shall constitute a quorum at the meeting of the Corporation for the transaction of business. Each member shall be entitled to a vote determined by the number of shares of irrigation water from Wenatchee Reclamation District that the member holds as of the date ten (10) days prior to the meeting.

Section 5. Directors shall receive no compensation for their services.

Section 6. The order of business at the regular meetings and, so far as possible, at all other meetings, shall be:

1. Calling to order and proof of quorum

2. Proof of notice of meeting
3. Readings and action on any unapproved minutes
4. Reports of officers and committees
5. Election of Director
6. Unfinished business
7. New business
8. Adjournment

## ARTICLE VII

### Directors and Officers

Section 1. The Board of Directors of the Corporation shall consist of three (3) members, all of whom shall be members of the Corporation. Each director shall serve for a three-year term, with the inception and termination date of each three-year term taking place in consecutive years so that only one term expires in any given year.

Section 2. The Board of Directors shall meet within ten (10) days after the annual election of a new Director and shall elect by ballot a president from among themselves, who shall hold office until the next annual meeting and until the election and qualification of his or her successor, unless sooner removed by death, resignation or for cause. The Board of Directors shall thereafter appoint a Secretary-Treasurer.

Section 3. If the office of any Director becomes vacant by reason of death, resignation, retirement, disqualification or otherwise, except by removal from office, a majority of the remaining Directors shall, by a majority vote, choose a successor who shall hold office until the next regular meeting of the members of the Corporation, at which time the members shall elect a Director for the unexpired term or terms, provided that in the call of such regular meeting, a notice of such election shall be given.

Section 4. A majority of the Board of Directors shall constitute a quorum at any meeting of the Board.

Section 5. Compensation of officers may be fixed at any regular or special meeting of the members of the Corporation. Directors shall receive no compensation for their services as such.

## ARTICLE VIII

### Duties of Directors

Section 1. The Board of Directors, subject to restrictions of law, the Articles of Incorporation or these bylaws, shall exercise all of the powers of the Corporation, and, without prejudice to or limitation upon their general powers, it is hereby expressly provided that the Board of Directors shall have, and are hereby given, full power and authority (to be exercised by resolution adopted by a majority vote of the Directors) in respect to the following matters:

- a. To determine if a person or other entity qualifies as a member of the Corporation and to admit any such qualified person or entity as a member of the Corporation.
- b. To select and appoint all officers, agents or employees of the Corporation, or remove such agents or employees of the Corporation, to prescribe such duties and designate such powers as may not be inconsistent with these bylaws, to fix their compensation and to 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 time, 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 Corporation and the guidance and control of its officers and employees, and to prescribe adequate sanctions for the breach thereof.
- e. To order, in its discretion, at least once each year, an audit or review of the books and accounts of the Corporation by a competent public auditor or accountant. Any report prepared by such auditor or accountant shall be submitted to the members of the Corporation at their annual meeting.
- f. To fix the charges to be paid by each member for services rendered by the Corporation, 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 Corporation to give adequate bond, the cost thereof to be paid by the Corporation.
- h. To select one or more banks to act as depositories of the funds of the Corporation and to determine the manner of receiving, depositing and disbursing the funds of the Corporation 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 the person or persons signing such checks and the form thereof at will.
- i. To initiate collection proceedings or any other action against any member of the Corporation who has not complied with the terms and conditions of the bylaws or the rules and regulations of the Corporation and to enforce collection by cancellation of membership in accordance with such bylaw and rules and regulations. The Board of Directors shall have the option to cancel any membership on which a charge has not been paid, at any time after ninety (90) days from which the charge was due, provided that the

Corporation give the member at least thirty (30) days written notice, at the address of the member on the books of the Corporation, of its intention to revoke the membership if the charge is not paid in full.

## ARTICLE IX Duties of Officers

Section 1. Duties of President. The president shall preside over all meetings of the Corporation and the Board of Directors, call special meetings of the Board of Directors, perform all acts and duties usually performed by an executive and presiding officer, and sign all membership certificates and such other papers of the Corporation as he may be authorized or directed to sign by the Board of Directors, provided the Board of Directors may authorized 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 Directors.

Section 2. Duties of 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 of Directors may declare the office vacant and elect his successor.

Section 3. Duties of Secretary-Treasurer. The secretary-treasurer shall keep a complete record of all meetings of the Corporation and of the Board of Directors and shall have general charge and supervision of the books and records of the Corporation. He/she shall sign all membership certificates with the president and such other papers pertaining to the Corporation as he/she may be authorized or directed to do by the Board of Directors. He/she shall transmit all notices required by law and by these bylaws and shall make a full report of all matters and business pertaining to his/her office to the members at the annual meeting. He/she shall keep any corporate seal and membership records of the Corporation, complete. He/she shall keep a proper membership record, showing the name of each member of the Corporation and the date of issuance, surrender, cancellation or forfeiture. He/she shall make all reports required by law and shall perform such other duties as may be required of him/her by the Corporation or the Board of Directors. Upon the appointment of a successor, the secretary-treasurer shall turn over all books and other property belonging to the Corporation that he/she may have in his/her possession. He/she shall also perform such duties with respect to the finances of the Corporation as may be prescribed by the Board of Directors.

## ARTICLE X Benefits and Duties of Members

Section 1. The Corporation will maintain and operate a pump(s) and main distribution pipeline(s) from the source of the irrigation water supply and service lines from the main distribution pipeline(s) to designated delivery points. The costs of maintaining and operating the pump(s) and main distribution pipeline(s) of the



Corporation shall be paid by the Corporation. The Corporation may also purchase and install shut-off valves at each designated delivery point. Any shut-off valve shall be owned by the Corporation. Except in the case of an emergency, the Corporation shall have the sole and exclusive right to operate the shut-off valve.

Section 2. Each member, at its sole expense, shall convey irrigation water from the designated delivery point to its property.

The Corporation shall in no event be in any way responsible for maintaining any service lines from the delivery points to service members' properties, nor for damages caused by any such line, including, but not limited to, damage done by water escaping therefrom, nor for defects in service lines or fixtures on the property of the member. The member shall at all times comply with all regulations of any federal, state and local regulations governing water and irrigation or relating to service lines and shall make all changes in the member's service lines on account of changes in grade or otherwise.

Section 3. Each member shall be entitled to receive delivery of irrigation water subject to the provisions of these bylaws, as from time to time amended and to such rules and regulations as may be prescribed by the Board of Directors. No member shall connect his or her service line with that of any other person, or in any way resell, rebill or supply any other person or premises with water service through his or her service line.

Section 4. The Board of Directors shall set the charges to be paid by each member. Each member shall pay these charges regardless of whether the member takes delivery of irrigation water. To be entitled to the delivery of irrigation water, a member shall pay such charges to the Corporation, at or prior to the dates fixed by the Board of Directors. The failure to pay water charges shall entitle the Corporation to cease delivery of water to the delinquent member's property and to take all other reasonable actions necessary to effectuate cessation of delivery of water to that member's property.

Section 5. Each director, officer or agent who was or is made a party or is threatened to be made a party to or is involved (including, without limitation, as a witness) in any actual or threatened action, suit, or proceeding, whether civil, criminal, administrative, or investigative, by reason of the fact that he or she is or was a director, officer or agent of the Corporation, whether the basis of such proceeding is alleged action in an official capacity as a director, officer or agent, or in any other capacity while serving as a director, officer or agent, may be indemnified and held harmless by the Corporation to the full extent permitted by applicable law as then in effect against all expense, liability, and loss (including, without limitation, attorney fees, judgments, fines, and amounts to be paid in settlement) actually or reasonably incurred or suffered by such person in connection therewith. Such indemnification shall continue as to a person who has ceased to be a director, officer or agent and shall inure to the benefit of his or her heirs, executors and administrators. No indemnification shall be provided under this article to

any person if the Corporation is prohibited by law then in effect from providing such indemnification.

Section 6. When a member's right to delivery of irrigation water is in any way transferred, notice to the Corporation of such transfer shall be made in writing by the transferor and the transferee. The transferee shall remain responsible for all charges for irrigation delivery by the Corporation until such notices have been received by the Corporation.

Section 9. The Corporation will use reasonable diligence to see to the delivery of irrigation water during irrigation season, but if the delivery shall be interrupted for any cause, failure shall not constitute breach of any agreement for service. The Corporation shall have the right to temporarily suspend service for the purpose of making repairs or improvements to the system, but in such cases, every effort will be made to make such interruptions as short as practicable. The Corporation shall not be liable for any consequential damages resulting from the interruption, restorations, or reduction of irrigation water delivery for any cause, including but not limited to, failure of pumping equipment and water distribution systems, inadequacy of energy supply, implementation of emergency plans or temporary disconnections for repairs and maintenance or failure to pay for service rendered. In the event that service is interrupted or not satisfactory, or any hazardous condition is known to exist, it shall be the obligation of the member to provide written notification to the Corporation or a director or officer of such existing condition.

#### ARTICLE XI Amendments

Section 1. These bylaws may be amended by a vote of a majority of the members present at any regular 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 so to amend the bylaws as to effect a fundamental change in the policies of the Corporation. 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.

EFFECTIVE the \_\_\_\_ day of \_\_\_\_\_, 2006.

SUNNYSLOPE IRRIGATION COMPANY

By \_\_\_\_\_,  
President

Attest:

\_\_\_\_\_  
, Secretary