

BY-LAWS

OF
ODEN WATER ASSOCIATION, INC.

ARTICLE I

General –Purposes

The purpose for which this association is formed and the powers which it may exercise are set forth in the Articles of Incorporation of the association.

ARTICLE II

Name and Location

Section 1. The name of this association is the Oden Water Association, Inc.

Section 2. “The principal office of this association shall be located near the City of Sandpoint, County of Bonner, State of Idaho, but the association may maintain offices and places of business at such other places in Bonner County as the board of Directors may desire.”

ARTICLE III

Seal

Section 1. The seal of the association shall have inscribed thereon the name of the association, the year of its organization and the words, “Non-Stock Corporation, Idaho.”

Section 2. The secretary of the association shall have custody of the seal.

Section 3. The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE IV

Fiscal Year

The fiscal year of the association shall begin the first day of January in each year.

ARTICLE V

Membership

Section 1. The holders of membership certificates of this association are its members. Any bona fide occupant of a farmstead or homestead having reasonable accessibility to the source of and who is in need of having water supplied for domestic, livestock and garden purposes from the water system operated by the association and who receives the approval of the board of directors may be admitted to membership upon subscribing for or otherwise acquiring a membership certificate, provided that 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 its existing members.

Section 2. "If a member ceases to be eligible to hold membership as provided in Section 1, or willfully obstructs the purposes and proper activities of the association, the association, through the board of directors, may elect to shut off the supply of water to said member if the failure or violation continues for thirty (30) days after performance is due, and may elect to terminate said member's membership in the association and revoke said member's membership certificate, without recourse or liability to the association, if the failure or violation continues for sixty (60) days after performance is due. Any member whose membership is so terminated for cause other than that of ceasing to be eligible may appeal from the action of the board of directors to a vote of the members at the next regular meeting of the members or special meeting of the members called for such purpose.

Section 3. Each member shall be entitled to one vote on each matter submitted to a vote of the members.

Section 4. Membership in this corporation is transferable and assignable upon a majority vote of the Board of Directors, provided a member in good standing who sells his whole farm or business, or dies, such membership may be sold or assigned to the new purchaser. The board of directors shall not arbitrarily deny membership if the purchaser is fully qualified for membership. Any person who purchases the membership certificate of another member must maintain the obligations of membership, and shall have its voting rights.

Section 5. All members must allow employees or directors of this association access in the members' presence, to all buildings and residences on the members' property for the purpose of determining usage of association water, and for obtaining water samples. Failure to comply with this section will result in termination of membership as provided in Article V, Section 2 of the association by-laws.

ARTICLE VI

Membership Certificates

Section 1. This association shall not have capital stock but its capital stock shall be represented by membership certificates.

Section 2. The membership certificates 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 No. ___ is issued and accepted in accordance with and subject to the conditions and restrictions stipulated in the Articles of Incorporation and By-Laws and amendments to the same of the Oden Water Association, Inc.
- 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. "A member of this association shall be entitled to one (1) vote per membership certificate at meetings of the members."

Section 3. All transfer of membership certificates shall be made upon the book of the association upon the surrender of the certificates covering the same by the holders thereof or by their legal representatives but only with the approval of the Board of Directors and only to persons eligible to become members and only when the transferring member is free from indebtedness to the association.

ARTICLE VII

Meetings of Members

Section 1. "The annual meeting of the members of this association shall be held at the city Selle Hall, County of Bonner, State of Idaho, or other places in the county designated by the notice of meeting, at 8:00 P. M. on the 1st Monday in May of each year, if not a legal holiday, or if a legal holiday, on the next business day following."

Section 2. Special meetings of the members of the association may be called at any time by the president or upon resolution of the Board of Directors, or upon written petition to the president of the board, signed by ten per cent (10%) of the members of the association. The purpose of every special meeting shall be stated in the notice thereof, and no business shall be transacted thereat except such as is specific in the notice.

Section 3. 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 days and not more than thirty days prior to the meeting. Such a notice shall state the nature, time, place and purpose of the meeting.

Section 4. The number of voting members present at a legally called meeting shall constitute a quorum.

Section 5. At any meeting of members, a member entitled to vote may vote by proxy executed in writing by the member or his duly authorized attorney-in-fact. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy.

Section 6. Directors of the association shall be elected at the annual meeting of the members.

Section 7. The order of business at the regular meetings and so far as is 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.
6. Unfinished business.
7. New business.
8. Adjournment.

ARTICLE VIII

Directors and Officers

Section 1. The Board of Directors of the association shall consist of five (5) members, all of whom shall be members of the association. The directors named in the Articles of Incorporation shall serve until the first annual meeting of the members and until their successors are elected and have qualified. At the first annual meeting of the members, one (1) director shall be elected for a term of one year; two (2) directors for a term of two years; and two (2) directors for a term of three years. At each annual meeting thereafter, the members shall elect for a term of three years the number of directors whose terms of office have expired.

Section 2. The Board of Directors shall meet within ten (10) days after the first election and within (10) days after the annual election of directors and shall elect by ballot a president and vice-president from among themselves and a secretary-treasurer, 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.

Section 3. Any vacancy in the Board of Directors, other than from the expiration of a term of office, shall be filled by election by the remaining members of the board until the next regular or special meeting of the members of the association, at which meeting a director shall be elected for the unexpired term. The disqualification of a director as a member of the association shall operate to disqualify him as a director and to create a vacancy in the office of director.

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

Section 5. Section 5 is amended to provide that as a compensation, each director shall be credited their regular monthly water user's fee (presently \$65.00 per month) as is in force and effect. Each director shall not be required to pay their regular monthly water user's fee; however, the Directors shall pay for their overage usage on the same basis as all users.

Section 6. Any director of the association may be removed from office for cause, by vote of not less than two-thirds of the members of the association present at any annual or at any special meeting called for the purpose, at which a majority of the members shall be present. The director shall be informed in writing of the charges preferred against him at least ten (10) days before such meeting, and at the meeting shall have an opportunity to present witnesses and be heard in person in answer thereto. Officers may be removed for cause by vote of two-thirds of the members of the board and employees or agents discharged or removed from office or employment at any time by action of the board of directors.

ARTICLE IX

Duties of Directors

Section 1. The Board of Directors, subject to restrictions of law, the Articles of Incorporation, or these by-laws, shall exercise all of the powers of the association, 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 all the members) 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 certificates of membership.
- b. To select and appoint all officers, agents or employees of the association, or remove such officers, agents or employees and designate such powers as may 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 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 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 him, 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 the person or persons signing such checks and the form thereof at will.
- i. To levy assessments against the membership certificates of the association and to enforce the collection of such assessments by the sale of delinquent certificates, provided that such assessments shall be made and delinquent certificates shall be sold in such manner as may be specified in Section 30-157 of the Idaho Code or amendments thereof.
- j. To sell or rent water to persons or groups of persons who are not members of the association, but who are accessible to service from the association's system and who need water for domestic, livestock, and garden purposes, provide that such sale or rental of water shall only be made at such times and during periods when there is water in the association's system in excess of all the needs of the members of the association and their request for water; and, provided, further, that the sale or rental of water to such persons shall be made under contract in form approved by the Board of Directors, which shall clearly provide the limitations of such sale or rental at rates which in no event shall be less than the total rates, charges and assessments paid by members of this association.

ARTICLE X

Duties of Officers

Section 1. OFFICEERS. The officers of the corporation shall be one president, one vice-president, a secretary-treasurer, and such other officers as may be elected or appointed in accordance with the provisions of this article.

Section 2. REMOVAL. Any officer elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the corporation would be served thereby, but such removal shall be without prejudice to the contract right if any, of the officer so removed.

Section 3. VACANCIES. A vacancy in any office because of death, resignation, removal, disqualification or otherwise may be filled by the Board of Directors for the unexpired portion of the term..

Section 4. PRESIDENT. The president shall be the principal executive officer of the corporation and shall in general supervise and control all of the business and affairs of the corporation. He shall preside at all meetings of the members and of the Board of Directors. He may sign, with the secretary or any other proper officer of the corporation authorized by the Board of Directors, any deeds, mortgages, bonds, contracts and other instruments which the Board of Directors have authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of

Directors or by these by-laws or by statute to some other officer or agent of the corporation; and in general he shall perform all duties incident to the office of the president and such other duties as may be prescribed by the Board of Directors from time to time.

Section 5. VICE-PRESIDENT. In the absence of the president or in the event of his inability or refusal to act, the vice-president shall perform the duties of the president, and when so acting shall have all the powers of and be subject to all the restrictions upon the president. The vice-president shall perform such other duties as from time to time may be assigned to him by the president or by the Board of Directors.

Section 6. SECRETARY-TREASURER. The secretary-treasurer shall keep a complete record of all meetings of the association and of the Board of Directors and shall have general charge and supervision of the books and records of the association. He shall sign all membership certificates with the president and such other papers pertaining to the association as he may be authorized or directed to do so by the Board of Directors. He shall serve all notices required by law and by these by-laws and shall make a full report of all matters and business pertaining to the office to the members at the annual meeting. He shall keep the corporate seal and countersign all certificates issued, and affix said corporate seal to all papers requiring seal. He shall keep a proper membership certificate record, showing the name of each member of the association, date of issuance, surrender, cancellation or forfeiture. He shall make all reports required by law and shall perform such other duties as may be required of him by the association or the Board of Directors. Upon the election of his successor, the secretary-treasurer shall turn over to him all books and other property belonging to the association that he may have in his possession. He shall also perform such duties with respect to the finances of the association as may be prescribed by the Board of Directors. He shall have charge and custody of and be responsible for all funds and securities of the corporation; receive and give source whatsoever; and deposit all such moneys in the name of the corporation in such banks, trust companies, or other depositories as shall be selected in accordance with the provisions of these by-laws.

ARTICLE XI

Benefits and Duties of Members

Section 1. A. The association will install, maintain and operate a main distribution pipe line or lines from the source of the water supply and service lines from the main distribution pipe line or lines to the property line of each member of the association, 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 or lines from the main distribution pipe line or lines of the association to the property line of each member shall be paid by the association. The association will also purchase and 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 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 and to turn it on and off.

- A. Add to Article XI Section 1 to be amended to read as follows: All system extensions, additions, and developer provided water systems, shall meet all AWWA specifications including design, pipe valves, and valve boxes. Accurate as-builts for the facilities including location of pipes must be provided to the Association. All facilities must comply with Federal, State, and Local requirements. Any variance must have prior written approval of the board of directors. Dated the 2nd day of May, 1994. Directors: Lee Burnett-President, Elton G. Anderson, Louis D. Kins, James P. Taylor, Randy Poelstra.

Section 2. Each member shall be entitled to only one service line from the association's water system. 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 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. Each member will be required to dig or have dug a ditch for the connection of the service line or lines from the property line of the member to his dwelling or other portion of his premises and will also be required to purchase and install the portion of the service line or lines from his property line to the place of use on his premises and to maintain such portion of such service line or lines which shall be owned by the member, at his own expense, provided that the association may, if the Board of Directors so determine, purchase the pipe for and install such portion of such service line or lines, the cost of which will, however, be paid by the individual members.

Section 3. "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, such water for domestic, livestock, and garden purposes as a member may desire, subject, however, to the provisions of these By-Laws, and to such rules and regulations as may be prescribed by the Board of Directors. Each member shall be entitled for each membership certificated held by such member to have delivered to him through a single service line only such water as may be necessary to supply the needs of the persons residing on the farmstead in the single family residence and of the livestock owned by such persons and to irrigate a garden of not to exceed one-half acre. 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."

Section 4. 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 pro-rate the water available among the various members on such basis as is deemed equitable to the Board of Directors, and may also prescribe a schedule of hours covering use of water for garden purposes by particular members and require adherence thereto, or

prohibit the use of water for garden purposes, provide that if at any time the total water supply shall be insufficient to meet all of the needs of the members for domestic, livestock, and garden purposes, the association must first satisfy all of the needs of all of the members for domestic purposes before supplying any water for livestock purposes and must satisfy all of the needs of all the members both for domestic and livestock purposes before supplying any water for garden purposes.

Section 5. The Board of Directors shall, when determined necessary by them, set the rates to be charged each member during the next twelve (12) months. Rates may vary between members without connections, members with connections, commercial, agricultural, residential, and snowbird rates for disconnects exceeding 4 months. The rate for members connected to the system shall include a specified quantity of water, such flat monthly rate to be payable irrespective of whether any water is used by a member during the month.

- a. Non-payment for thirty (30) days after due, the water shall be cut off from the delinquent members' property.
- b. Non-payment for sixty (60) days, membership in this association shall be terminated and the membership certificate purchased as provided for in Article V, Section 2 of these by-laws.

ARTICLE XII

Distribution of Surplus Funds

Section 1. It is not anticipated that there will be any net income. If there should be any, then at the end of the fiscal year, after paying the expenses of the association for the operation and otherwise and after setting aside reserves for depreciation on all buildings, equipment, and office fixtures and such other reserves as the Board of Directors may deem proper and 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 net earnings shall be accumulated in a surplus fund for the purpose of replacing, enlarging, extending, and repairing the system and property of the association and for such other purposes as the Board of Directors may determine to be for the best interests of the association. The said surplus fund or any portion thereof may from time to time at the discretion of the Board of Directors be distributed to the members as provided in the By-laws, on the basis of assessments and charges made and levied against and paid by such members during the year.

Section 2. Any part of the whole of such apportionment may be credited at the discretion of the Board of Directors, to the indebtedness of the members, should any exist, and in such case, the members shall be notified in writing of the amount so applied.

ARTICLE XIII

Amendments

Section 1. These by-laws may be repealed or amended by a vote of two-thirds 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 the state, 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 and not more than thirty (30) days before such meeting and must set forth the amendments to be considered.

State of Idaho }

ss.

County of Bonner }

Jack Hickey, William A. Hall, Perry Larkin, Edwin H. Battien, and C. E. Dahl, being first duly sworn depose and say, each for himself, that he is a director of the Oden Water Association, Inc., that the foregoing by-laws were adopted at a meeting of the members of said association duly held on the 20th day of May, 1968, that there were 47 members present at that meeting and that the vote for the adoption of the By-laws was unanimous.

Jack Hickey, Warren A. Hall, Perry Larkin, Edwin H. Battien, C.E. Dahl: All original signatures of the Board of Directors are on file at the association office.

“CERTIFICATION”

I, Perry Larkin, Secretary of the Oden Water Association, Inc. a Corporation existing under the laws of the State of Idaho, hereby certify that the attached is a true copy of the by-laws, together with all the amendments thereto, as of the 28th day of June, 1968, which have been duly adopted.

Perry Larkin, Signature on file.

Whereas, the Oden Water Association, Inc. did give notice to all members by regular mail of proposed amendment to its by-laws, and

Whereas, the annual meeting was held at the Selle Grange Hall on May 5, 1997, for the purpose of considering the proposed amendment, and a quorum being present and after a motion be duly made and seconded to adopt the proposed Amendment.

The undersigned directors do hereby certify and declare that the by-laws of the Oden Water Association, Inc., be, and the same are hereby amended to provide as follows:

Oden Water will not supply a water membership to any structure built after March 31, 1997 if they are in the following:

1. The 100 year floodplain as determined from the Flood Insurance Rate maps published by the Federal Emergency Management Agency (FEMA).
2. Five meters of wetlands. If a structure is proposed to be constructed within 10 meters of wetland boundary as shown in the USFWS wetlands maps Elmira SW and Sandpoint, a wetland delineation is to be done. The Natural Resources Conservation Service, Corps of Engineer, or a qualified independent consultant, determine that an area is not a wetland as defined by USDA department regulations 9500-3. That is those areas that are inundated by surface of groundwater with frequency sufficient to support and, under normal circumstances, do or would support a prevalence of vegetative or aquatic life that requires saturated or seasonally saturated soil conditions for growth and reproduction. The Association shall require each applicant (and successor applicants) for service to a new structure on property containing a wetland to sign a written agreement that they will retain vegetation in the 5 meter buffer area, and not apply chemicals to it unless required by a governmental body for control of noxious weeds or vectors and then only to the minimum extent necessary.
3. No new construction within one kilometer of NW1/4SE1/4 of Section 4, T57Nr1W, B.M. unless reviewed by the U.S. Fish and Wildlife Service 9USFWS. For new construction of a structure, a USFWS acceptable habitat conservation plan and/or next management plan will be developed and implemented by the owner.

Dated the 5th day of May, 1997

Directors:

Lee Burnett-President

Elton G. Anderson

Louis D. Kins

Randy Poelstra

James P. Taylor