

**ARTICLES OF INCORPORATION
AND
BYLAWS
OF THE**

**Parkland Light and
Water Company**

Parkland, Washington



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OF THE**

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Company**

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(As amended May 1, 1926; January 23, 1962)

We, the undersigned, E.B. Ellingson, N.J. Hong, M.D. Campbell, B. Benson and J.H. Anderson, all of Parkland, Pierce County, Washington, have this 8th day of April 1914, associated ourselves together for the purpose of forming a corporation under the laws of the State of Washington and to that end make, subscribe, and acknowledge, in triplicate, these written Articles of Incorporation.

ARTICLE I.

The name of this organization shall be the Parkland Light and Water Company.

ARTICLE II.

The object of this organization shall be the following.

Section 1. To construct, purchase, add to, maintain, conduct, and operate water works and water distributing systems, electric light and power distributing systems and telephone distributing system for the purpose of furnishing water, light and power, or telephone service to the members of this Corporation at cost and without profit.

Section 2. To acquire, erect, maintain, and operate engines, waterwheels, water mains, flumes, conduits, pipes, meters, and all other appurtenances for pumping, conducting, and distributing water for the aforesaid purposes; also poles, wires, lines, conduits, transformers, meters, lamps, motors, dynamos, and all other appurtenances necessary for distributing said electricity for aforesaid purposes; also poles, wires, lines, instruments, and all other appurtenances necessary for furnishing competent and efficient telephone services for the purpose of furnishing to the members only of this Corporation such service or services at cost and without profit.

Section 3. To purchase such water, electricity, or telephone service from others for its own use and for the purpose of distributing the same to its members only, at cost and without profit.

Section 4. To secure the power to acquire real or personal property, by purchase or otherwise, and to hold, sell, mortgage, or otherwise dispose of the same, to borrow money on bonds, notes, or otherwise, for corporate uses, to acquire privileges and franchises, and to sell those now owned or hereafter to be owned and generally to perform anything which may be necessary for the promotion of the objects hereinbefore stated.

Section 5. To apply for, and obtain, any franchise necessary for carrying out and making effective the Articles of Incorporation.

Section 6. To adopt Bylaws, and to amend or repeal the same.

ARTICLE III.

Any person, natural or artificial, who desires to become a member of this Company shall make a written application on such form as the Board of Trustees shall prescribe for membership, which shall be accompanied with the regular fee for the kind of service desired. This application shall come up before the Board of Trustees at their next regular or special meeting for approval or

rejection. If the applicant is approved, he shall at once become a member of this Corporation and have the rights and privileges of every other member. If he is rejected for any cause whatever, he shall have the right to bring his application before the next regular meeting of the members, who shall, by a majority vote of all members present and voting, either approve or reject his application; PROVIDED, however, that the Board of Trustees may approve or reject his application conditionally, and may reconsider and pass an application once rejected; PROVIDED further, that no one shall be accepted as a member in this Corporation unless he has fully complied with all the terms, requirements, and provisions of the Articles of Incorporation and Bylaws of this Corporation, and shall sign the Bylaws, which included an agreement to abide by the rules and regulations, Articles of Incorporation and Bylaws of this Corporation, and any member of this Corporation who shall willfully and persistently violate the Articles of Incorporation or the Bylaws of this Corporation may be ousted by a vote of two-thirds majority of those present and voting at any regular meeting of the members of this Corporation.

ARTICLE IV.

The time of existence of this Corporation shall be perpetual.

ARTICLE V.

The trustees of the Corporation shall be five in number. The names and places of residence of the trustees who shall manage the affairs of this Corporation for the first six months are E.B. Ellingson, N.J. Hong, B. Benson, M.D. Campbell, and J.H. Anderson, all of Pierce County, Washington.

ARTICLE VI.

The principal place of business of this Corporation shall be at Parkland, Pierce County, Washington.

ARTICLE VII.

This Corporation is formed under and by virtue of and pursuant to the terms and provisions of chapter 134 of the Laws of 1907 of the State of Washington, and this Corporation shall have and enjoy all powers and privileges as in that act provided. This

Corporation shall have no capital stock, and shares of stock therein shall not be issued. The interest of each incorporator or member shall be equal to that of any other, and no incorporator or member can acquire any interest which will entitle him to any greater voice, vote, authority, or privilege in the Corporation than any other member.

In witness whereof, we have hereunto set our hands and seals this 8th day of April 1914 at Parkland, Pierce County, Washington.

(witnesses)

H.H. JOHNSTON

(signed)

E.B. ELLINGSON

N.J. HONG

M.D. CAMPBELL

B. BENSON

J.H. ANDERSON

**BYLAWS
OF THE**

**Parkland Light and Water
Company**

Parkland, Washington

(As amended March 1996, March 2011)

ARTICLE I.

Order of Business

At the meeting of this Corporation, the following order shall be observed:

1. Roll call.
2. Reading of minutes of last meeting.
3. Application for membership.
4. Report of President.
5. Report of Treasurer.
6. Report of standing committees.
7. Report of special committees.
8. Unfinished business.
9. New business.

At the annual meeting, also the following:

10. Election of one trustee for five years.
11. Filling vacancies in the Board of Trustees.

ARTICLE II.

Annual Meeting

The annual meeting of this Corporation shall be held on the fourth Tuesday in March.

ARTICLE III.

Special Meetings

Section 1. Special meetings of this Corporation shall be called by the President or by a majority of the Board of Trustees at the written request of at least ten percent of the membership of the Corporation.

Section 2. Notice of any special meeting must be given in writing at least ten(10) days prior to the time the said meeting is to be held, such notice to specify the purpose of the meeting.

ARTICLE IV.

Place of Meeting

The meetings of this Corporation shall be held in the Parkland area, in such a place as the Board of Trustees shall designate from time to time.

ARTICLE V.
Trustees – Vacancies

Section 1. The business of this Corporation shall be conducted by five trustees, each elected to serve for a period of five years.

Section 2. At the annual meeting held in 1914, five trustees were elected – one for one year, one for two years, one for three years, one for four years, and one for five years. Each year thereafter one trustee has been elected to serve for five years. Following the same order, or succession, one trustee shall hereafter be elected by ballot at the annual meeting each year, to serve for a period of five years, or until his successor is elected and qualified.

Section 3. The trustees shall be elected by a majority vote of all members present and voting.

Section 4. A vacancy in the Board of Trustees shall be filled by the remaining members of the Board, who shall appoint a member of the Corporation as trustee to serve until the next annual meeting, at which time a trustee shall be elected by ballot by a majority vote of all members present and voting, to serve during the unexpired term.

Section 5. A trustee may be removed from office by a two-thirds vote of all members present and voting at any meeting called for that purpose according to Article III of these Bylaws. Written notice of such intended removal, with specific charges, shall be filed with the Secretary of the Board at least thirty days prior to the said meeting.

Section 6. To be a candidate for trustee, elected or appointed, said candidate must at the time of election or appointment be a member of the company, and be a permanent resident of a place served by Parkland Light and Water Company. In the event a trustee terminates his membership and/or moves permanent place of residence to a place not served by Parkland Light and Water Company, said trustee's office shall forthwith be terminated and his seat declared vacant, which vacancy shall be filled as set forth in Section 4 above.

Section 7. That the candidates for the Board of Trustees to be elected at the annual meeting should let their desires be known and published in mailings to the membership, however, candidates may be nominated from the floor and elected at the annual meeting.

Section 8. The Board of Trustees and/or its designee shall have the power to establish policies and guidelines for the operation and management of the Corporation.

ARTICLE VI.
Officers

The officers of this Corporation shall consist of a President, a Vice President, Secretary, and Treasurer. These officers shall be elected by a majority vote of the members of the Board of Trustees, from among their own number, at the first meeting of the Board following an annual election.

ARTICLE VII.
Disposition of Funds

Section 1. The Treasurer, or a person designated by the Board of Trustees, shall deposit the funds of this Company in a bank, or banks, or any other financial institution designated by the Board of Trustees.

Section 2. No monies of the Corporation shall be paid out, except by check signed by two (2) persons authorized by the Board of Trustees.

ARTICLE VIII.

The Board of Trustees shall have power to veto any resolution adopted by the members of the Corporation present and

voting at any meeting; but the resolution so vetoed may be again submitted at a special meeting, called for that purpose; and if then passed by two-thirds of the members present and voting, it shall be mandatory upon the trustees to carry out the provisions of said resolution.

ARTICLE IX.

Manager

Section 1. The Board of Trustees shall appoint a competent person as Manager, subject to removal at any time for cause. His compensation shall be fixed by the Board of Trustees.

ARTICLE X.

Surety Bonds for Officers

Any person collecting or disbursing any monies of this Corporation shall be bonded to this Corporation by good and sufficient bond in such amount as the Board of Trustees shall deem adequate. The premium or premiums on such bonds shall be paid by the Company.

ARTICLE XI.

Auditors

Section 1. The Board of Trustees shall appoint a certified public accountant to audit the books of the Company.

Section 2. The auditor shall report his findings in writing to the Board of Trustees who shall submit his report to the Corporation at its annual meeting.

ARTICLE XII.

Membership, How Secured

Section 1. Any person desiring to secure water or power service from this Company shall file with the Manager an application, stating the kind or kinds of service desired, upon appropriate forms furnished by the Company.

Section 2. Any applicant for membership in this Corporation for the purpose of obtaining water service shall pay to the Manager or the Treasurer of this Company the regular membership fee, as determined by the Board of Trustees, and an additional sum sufficient to cover any extra expense

which, in the judgment of the Board of Trustees, may be necessary.

Section 3. Any applicant for membership in this Corporation for the purpose of obtaining power service shall pay to the Manager or the Treasurer the regular membership fee as determined by the Board of Trustees, and an additional sum sufficient to cover any extra expense which, in the judgment of the Board of Trustees, may be necessary.

Section 4. Any applicant for membership in this Corporation who shall at one and the same time apply for both power and water service shall be eligible to voting membership upon the full payment for either service, provided he shall have fulfilled all other requirements of these Bylaws.

Section 5. Thereafter he shall pay the regular water or power dues which shall be fixed by this Company from time to time.

ARTICLE XIII.

Inspection of Plumbing and Wiring

Section 1. All plumbing shall conform to the

Pierce County Plumbing Codes, in force at the time work is done.

Section 2. It shall be the duty of the Manager of this Company to request all prospective members within the reach of our power system, whose houses are not wired at the time of the adoption of this section, to conform their wiring to the rules and regulation of the National Board of Fire Underwriters, which rules and regulations, with such modifications as shall be made by the Board from time to time, shall become a part of these Bylaws.

Section 3. No service outlet or meter location shall be placed without first obtaining permission for location from the Manager or his representative. A permit shall be obtained from the State of Washington Department of Labor and Industries for all wire installed and each installation shall be inspected and passed by a Department of Labor electrical inspector.

ARTICLE XIV.

Membership and Transfer of Membership

Section 1. All applicants for membership or

transfer of membership in the Parkland Light and Water Company shall be passed on first by the Manager, upon written application prescribed by the Board. In the event the Manager or the Board refuses an applicant the right to become a member in this Corporation, such applicant shall have the right to have his application put up before the next regular meeting of the members of this Corporation for approval or rejection. If a majority of such members, present and voting, fail or refuse to approve the applicant, he shall not become a member; but if a majority of the members of such Corporation present and voting shall approve his application, and he has complied with the Bylaws and other requirements and has deposited the necessary fee, then he shall become a member of this Corporation, with all the rights and privileges of every other member. In granting a membership or approving an assignment of an exiting membership, the Corporation shall have the right to make reasonable rules and regulations providing for security for the payment of all membership fees and debts to the Corporation for services to be furnished by the Corporation.

Section 2. Each member shall be given a

certificate of membership, signed by the President and Secretary, specifying the kind of service or services applied for and paid for by such member, which certificate is assignable by such member in the event he shall sell his property or his interest therein, provided, that he deliver to the Company the original membership certificate duly and properly assigned. Such assignment shall be valid only when his successor or assignee shall have been accepted as a member by the Manager or the Board of Trustees or by the members of the Corporation in the same manner as prescribed in Section 1 of this Article for the admission of new members, but without further payment of any membership fee; provided that all current bills for water, electrical services, repairs, penalties and assessments of any nature are paid, and if any repairs or replacements have to be made to any meter boxes or other appliances, properly furnished by the owner of such premises, such repairs or replacements shall be made at the expense of such member or assignee before such assignment shall be accepted; provided further, that no person shall be entitled to more than one vote

Section 3. Whenever a member shall have transferred to another, by deed or contract for

deed, all the premises, on which are located his power and water services, or his interest therein, his membership in this Corporation shall terminate. In the event of foreclosure or repossession of the premises, the owner may, with the approval of the Board of Trustees, regain his membership rights in this Corporation without payment of any additional membership fee, provided that all bills for water, electrical services, repairs, penalties, and assessments of any nature whatsoever which are due and payable for services rendered to the premises are paid.

Section 4. Should a member sell any part of the premises on which is located his power and water services by either land contract or deed and the buyer wishes service, he must buy a membership in his own name.

Section 5. The owner or owners of any premises furnished with water or power service by this Company shall be held responsible for the payment of any debts to this Company for power or water. In the event the premises are being leased or rented by non-members, service will be made to the premises and directly billed to said renters or lessees, provided application is made through the owner or his authorized agent on appropriate forms furnished by the Corporation.

ARTICLE XV.

Penalties

Section 1. No person supplied with water or power by this company shall be permitted to use it for any purpose except those stated in his application, or to supply, in any way or for any purpose, other persons or families without first securing a permit from this Company. This rule shall not apply in case of emergencies.

Section 2. The penalty for violation of Section 1 of this Article shall be a fine of fifty cents for each offense, said fine to be added to the offender's current monthly bill. Each separate day on which such violation continues or occurs shall be considered a separate offense.

ARTICLE XVI.

Charge for Water and Power

Section 1. The Board of Trustees shall have the general control and management over billings and collections for the water and electric service. They shall have the power to assess penalties and disconnect services for

past due bills so far as such is equal and just to all members.

Section 2. Any policies on the collection of bills or relating to requirements for security deposits and security devices which have been adopted by the Board of Trustees shall be posted at the cashier's counter or any other places where members pay their bills. In addition, such new policies shall be mailed to each member annually at the time of notice of the annual meeting.

ARTICLE XVII.

Contiguous Properties

Section 1. A member owning two or more houses situated on contiguous lots or parcels of land shall be allowed water service from one tap and one meter.

Section 2. A member owning two or more houses situated on contiguous lots or parcels of land shall be allowed power service through one meter or set of meters.

Section 3. Any extra expense incurred by the Company in furnishing such extra service shall be borne by the owner.

ARTICLE XVIII.

Voting by Proxy

Voting by proxy shall not be permitted at meetings of this Corporation. Provided, however, that a family may be represented by either husband or wife or by a son or daughter who has reached the age of majority. Provided further, that a member of this Company who is also a school director of the Franklin Pierce School District or an officer or accredited representative of a corporation or other organization that is a member of this Company shall have the right to represent such school district or other organization at the meetings of this Corporation, subject to Article VII of the Articles of Incorporation of the Company; provided further, that any regular or special meeting of the members, a written vote may be received by mail from any absent member on any resolution to amend Article IV of the Articles of Incorporation, provided the member has been previously notified in writing of the exact resolution upon which such vote is taken and a copy of same is forwarded with and attached to the vote so signed and mailed by him.

ARTICLE XIX.

Signing the Bylaws

The requirements of Article III of the Articles of Incorporation that a member, in order to have the right of vote in this Corporation, “shall sign the Bylaws” shall be deemed to be satisfied by his signing, and subscribing to, any printed copy of these Bylaws filed with the Secretary of this Corporation.

ARTICLE XX.

Quorum at Meetings

Twenty-five or more members of the Corporation together with two or more members of the Board of Trustees shall constitute a quorum at any annual or special meeting of the Corporation.

ARTICLE XXI.

Amending the Bylaws

Section 1. These Bylaws may be changed by a two-thirds vote of all members present and voting at any annual meeting or any special meeting called for this purpose.

Section 2. These Bylaws as amended shall go into effect at once.

ARTICLE XXIII.

Parliamentary Procedure

The deliberations of this Corporation shall be governed by Robert's Rules of Order.

ARTICLE XXIII.

Capital Credits

The furnishing of electric energy and water shall be so conducted that all members through their patronage furnish capital for Parkland Light and Water Company. In order to induce patronage and to assure that the Corporation will operate without profit and at cost as provided in Section 2 of Article II of the Articles of Incorporation, the Corporation shall account on a patronage basis to all its members for all amounts received and receivable from the furnishing of electricity and water in excess of operating costs and expenses chargeable against the furnishing of electricity and water. All amounts in excess of

the operating costs and expenses at the time of receipt by the Corporation shall be the member's capital and deemed to be a segregation of retained earnings. The Corporation shall at the end of each year credit to a capital account maintained for each member all such retained earnings. Actual cash payments shall be made to members solely in the manner set forth below.

If at any time prior to dissolution or liquidation the Board of Trustees shall determine that the financial condition of the Corporation will not be impaired thereby, the capital then credited to the members accounts may be retired in full or in part. Each such retirement of capital shall be made in order of priority according to the year in which the capital was furnished and credited, the first received by the Corporation being first retired.

In the event of dissolution or liquidation of the Corporation, after all outstanding indebtedness of the Corporation shall have been paid, outstanding capital credits shall be retired. This Article shall be effective as of January 1, 1967.

ARTICLE XXIV.

Disposition of Property

Section 1. The Corporation may not sell, mortgage, lease, or otherwise dispose of or encumber any of its property other than:

a. Property which in the judgment of the Board of Trustees neither is nor will be necessary or useful in operating and maintaining the Corporations system and facilities; provided, however, that all sales of such property shall not in any one (1) year exceed in value ten percent (10%) of the value of all the property of the Corporation;

b. Services of all kinds, including water or electric energy; and

c. Personal property acquired for resale, unless such sale, mortgage, lease, or other disposition or encumbrance is authorized at a meeting of the members by the affirmative vote of at least two-thirds (2/3) of the members voting thereon at such meeting in person or by mail, and the notice of such proposed sale, mortgage, lease, or other disposition or encumbrance shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything herein contained, the

Board of Trustees without authorization by the members shall have full power and authority to borrow money and to authorize the making, issuance, execution and delivery of bonds, notes, or other evidences of indebtedness and of a mortgage or mortgages or a deed or deeds of trust upon, or the pledging or encumbering of, any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Corporation, whether acquired or to be acquired, and wherever situated, as well as the revenues and income therefrom, all upon such terms and conditions as the Board shall determine, to secure any indebtedness of the Corporation.

Section 2. Written notice of the members' meeting stating the purpose for which the meeting is called shall be delivered not less than ten nor more than fifty days before the date of the meeting, to each member entitled to vote at such meeting.

Section 3. A member qualified to vote in any annual or special meeting of the members may vote by mail upon any matter contained within this Article XXIV requiring a vote. The ballot shall be addressed to the Secretary, and posted so as to be received by the Secretary 48 hours prior to the special or annual meeting.

Section 4. Ten percent (10%) of the members, either voting in-person or voting by mail shall constitute a quorum at any annual or special meeting at which the members will vote on any matter within the scope of ARTICLE XXIV.

Section 5. The provisions of this Article XXIV shall not apply to the sale, lease, exchange, transfer or other disposition of all or substantially all of the Corporation's assets to one or more electric and/or water mutuals if the substantive or actual legal effect is to merge or consolidate with one or more electric and/or water mutuals.

Section 6. The provisions of the ARTICLE XXIV shall apply whenever an amendment or repeal of any of the terms, provisions, or conditions of this ARTICLE XXIV are proposed or considered by the Corporation.

Section 7. The provisions in this ARTICLE XXIV shall supersede all other inconsistent provisions of the bylaws and shall govern the interpretation and application of all matters within the scope of this ARTICLE XXIV.