

**ARTICLES OF INCORPORATION**  
**of**  
**HERRON ISLAND WATER UTILITY**

In compliance with the requirements of the Revised Code of Washington, Title 24, Chapter 3, the undersigned, all of who are residents of the State of Washington, and all of who are of legal age, have this day voluntarily associated themselves together for the purpose of forming a corporation not for profit and do hereby certify as follows:

**ARTICLE I**  
**NAME**

The name of the corporation is HERRON ISLAND WATER UTILITY (hereafter the "Utility").

**ARTICLE II**  
**LOCATION**

The registered office of the Utility shall be in care of JAMES R. TOMLINSON, 920 Fawcett Ave., Tacoma, WA 98402. The mailing address of the Utility will be PO Box 119, Lakebay, WA 98349.

**ARTICLE III**  
**REGISTERED AGENT**

The Registered Agent of the Utility is JAMES R. TOMLINSON. The registered office of the Registered Agent is 920 Fawcett Ave., Tacoma, WA 98402, and the mailing address of the Registered Agent is PO Box 1657, Tacoma, WA 98401.

**ARTICLE IV**  
**PURPOSE AND POWERS OF THE UTILITY**

This Utility does not contemplate pecuniary gain or profit to the Members thereof. The purpose of this Utility is to appropriate, purchase, divert, acquire, transport and store water from streams, watercourses, wells, or any other source, and to distribute the water so appropriated and acquired to its Members for use upon the lands of said Members, and for domestic purposes; to acquire, own, construct, hold possess, use and maintain such pumping plants, tanks, pipe lines, reservoir, ditches, buildings, roads, trails and appliances, and such other property, including water rights and stock of other corporations or entities as said Utility may from time to time desire to acquire or purchase for furnishing and supplying water to its Members; *provided that*, this Utility shall not use or dispose of such water as a public utility, but shall do so solely for the use and benefit of its Members and for the irrigation of lands and domestic and other useful and beneficial purposes, plus any additional lands thereto as may hereafter be brought within the jurisdiction of this Utility, and for this purpose to:

- (a) Fix, levy, collect and enforce payment by any lawful means, all charges or assessments as required for business operations; to pay all expenses incident to the conduct of the business of the Utility, including all licenses, taxes or governmental charges levied or imposed against the property of the Utility; and to maintain a reasonable reserve account for anticipated future maintenance, repair, replacement, or capital improvements to the water system;

- (b) Acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Utility;
- (c) Borrow money, and mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;
- (d) Dedicate, sell or transfer all or any part of the Utility property to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members; *provided that*, no such dedication or transfer shall be effective without two-thirds of the Members agreeing to such dedication, sale or transfer;
- (e) Participate in mergers and consolidations with other non-profit corporations organized for the same purposes or annex additional property, *provided that*, any such merger, consolidation, or annexation shall have the assent of two-thirds of the Members;
- (f) Keep records of permits or other approvals or disapprovals made or issued by said Utility; and to keep books and records showing all charges, levies, and assessments made to and payments received from the Members of the Utility; and
- (g) Exercise any and all powers, rights, and privileges that a corporation organized under the Non-Profit Corporation laws of the State of Washington by law may now or hereafter have or exercise.

**ARTICLE V**  
**MEMBERSHIP**

Every person or entity that is an Owner of record of any Lot or Lots comprising an Assessable Unit, as those terms are defined and set forth in the Second Amended and Restated Bylaws of HMC Management, F/K/A Herron Maintenance Co. (the "HMC Bylaws"), recorded May 20, 2005, under Auditor's File No. 200505200134 in Pierce County, Washington, as amended, is and shall be a Member of the Utility. The foregoing is not intended to include persons or entities that hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any said Lot or Assessable Unit that is subject to assessment by the Utility.

**ARTICLE VI**  
**VOTING RIGHTS**

The Utility shall have one (1) class of voting membership comprised of all Members as hereinabove defined. When more than one person or entity holds an interest in any Lot, all such persons or entities shall be Members. Each Member shall be entitled to one vote for each Assessable Unit owned by that Member, except as otherwise limited herein. Members may exercise their votes as they determine, but in no event shall more than one vote from any Member or group of Members be cast or honored with respect to any Assessable Unit.

**ARTICLE VII**  
**BOARD OF DIRECTORS**

The affairs of this Utility shall be managed by a Board of Directors consisting of not fewer than three (3) and not more than nine (9) Directors; however, at all times the number of Directors shall be an uneven number. The members of the Board of Directors for the Utility may be the same as the members of the board of directors for HMC Management, a Washington Non-Profit Corporation. The following persons will act in the capacity of Directors until the selection of their successors:

<u>NAME</u>	<u>ADDRESS</u>
Mark Anderson	2922 N. 30th St., Tacoma, WA
Judy Greinke	7212 Olympic Vista Ct., Gig Harbor, WA
Gary Wanzong	14818 - 18th Ave Ct. S, Tacoma, WA
Dianne DeGood	1233 Autumn Drive, Goddard, KS
Pat Zazzo	726 W. Herron Blvd KPN, Lakebay, WA

As further set forth in the Bylaws of the Utility, the term for each Director shall be two (2) years; *provided*, the terms for the initial Directors shall be staggered between one and two years to prevent the election of all new Directors in any one year.

**ARTICLE VIII**  
**DISSOLUTION**

The Utility may be dissolved with the assent of two-thirds (2/3) of the Members in good standing, either personally, by proxy, or in writing. Upon dissolution of the Utility, other than incident to a merger or consolidation, the assets of the Utility shall be granted, conveyed and assigned to the then existing Members, with one share to each Assessable Unit; *provided however*, the gains from the sale of any appreciated assets shall be distributed to all persons who were Members during the period that the Utility owned the assets, in proportion to the amount of patronage done by the Members during that period, in so far as practicable.

**ARTICLE IX**  
**DURATION**

The Utility shall exist perpetually as a corporation.

**ARTICLE X**  
**INDEMNIFICATION OF OFFICERS AND DIRECTORS**

The Utility in its Bylaws may provide for the indemnity of any Officer or Director against whom a claim has been brought for any acts or omissions arising out of that person's conduct in a corporate capacity, unless the person is adjudged to have acted illegally or fraudulently.

**ARTICLE XI**  
**AMENDMENTS**

Amendment of these Articles shall require the assent of two-thirds (2/3) of the votes cast by Members in good standing, either personally, by proxy, or in writing.

