

AMENDED BYLAWS
OF
GOLF CLUB ESTATES WATER ASSOCIATION, INC.

(Idaho Nonprofit Water Association)

ARTICLE 1. NAME, OFFICES AND CORPORATE PURPOSE

1.1. *Name.* The name of this nonprofit Corporation is GOLF CLUB ESTATES WATER ASSOCIATION, INC.

1.2. *Offices.* The principal office of the Corporation shall be PO Box 506, Nordman, ID 83848. The Corporation may also have offices at such other places as the Board of Directors may from time to time appoint or the purpose of the Corporation may require.

1.3. *Corporate Purpose.* The primary purpose of the Corporation is to provide water to its Members through the operation of a water system (herein referred to as "Water System")

ARTICLE 2. MEMBERS

2.1. *Voting Members.* The voting Members of the Corporation are Priest Lake Golf Club, Inc., its successors and/or assigns, and the owners of lots within the developments known as Priest Lake Golf Club Estates, Priest Lake Golf Club Estates First Addition, Priest Lake Golf Club Estates Second Addition, and any subsequent addition to Priest Lake Golf Club Estates. The above developments are collectively referred to herein as "Golf Club Estates Developments".

2.2. *Nonvoting Members.* The nonvoting Members of the Corporation are the owners of any Equivalent Residential Unit ("ERU" as defined by the Water Supply Agreement Dated the ___ day of July 2022) of Eagle Ridge and Eagle Terrace (Millie's Developments) or any subsequent addition thereto. The above developments are collectively referred to herein as "Millie's Developments".

2.3. *Transferability.* A Membership interest in this Corporation is transferrable only to the grantee of any lot within Golf Club Estates Development, the grantee of any ERU of Millie's Developments, and the Membership interest of Priest Lake Golf Club, Inc., may be transferred to its successors or assigns. Any transfer of a Membership interest must comply with the Membership requirements herein and be approved by the Board of Directors. Upon transfer, the Board of Directors may require a new Member to execute a copy of the Consent to Revised Master Water Services Agreement and record the Consent in the records of the Bonner County Auditor prior to the transfer of Membership, use of or connection to the Water System. Upon transfer, a new Member is entitled to the benefits of and subject to the regulations of the Amended Revised Master Water Services Agreement recorded under Bonner County Auditors file no. _____, on the ___ day of _____, 2022, or any amendments thereto

2.4. *Voting.* Priest Lake Golf Club, Inc., or its successors or assigns, is entitled to one (1) vote and each lot located in Golf Club Estates Development is entitled to one (1) vote per lot at any meeting of the Members. Members who own multiple lots in Golf Club Estates Development are entitled one (1) vote per lot. The owners of an ERU in Millie's Developments are not entitled to a vote at any meeting of the Corporation.

2.5. *Proxy.* A Member may vote either in person or by written proxy executed by the Member or his duly authorized attorney-in-fact. Such proxy shall be filed with the Secretary of the corporation at least three (3) days before the time of the meeting. No proxy shall be valid after eleven (11) months from the date of its execution unless otherwise provided in the proxy. Any proxy regular on its face shall be presumed to be valid.

2.6. *Quorum.* A meeting consisting of one-tenth (1/10) of the Members of Golf Club Estates Developments shall constitute a quorum for the transaction of business. If, at any meeting, there is less than a quorum present, a majority of those present may adjourn the meeting without further notice to an absent Member.

2.7. *Annual Meetings.* The Corporation shall hold an annual meeting of the Members at a location to be determined by the Directors on the 2nd Sunday in August at 8:00AM of each year, if it is not a legal holiday in the state of Idaho, in which later event it shall be held on the next succeeding Sunday which is not such legal holiday, for the purpose of electing officers and for the transaction of such other business as may properly come before the meeting.

2.8. *Notices of Meetings.* Notices of annual and of regular meetings shall be given not less than ten (10) days nor more than fifty (50) days prior to the date of such meeting. Notices of special meetings shall be given not less than five (5) days prior to the date of such special meetings. Such notices may be given to the addresses that appear on the books and records of this Corporation, or such other address as shall have been specified by the Member in a written request filed with the Secretary of this Corporation, or by transmitting the same electronically by facsimile or email transmission to an email address or phone number provided by the Member for such purposes. A Member may elect to receive notice exclusively by email or other electronic means by consenting to such notice in writing, signed by the Member, and delivered to the Secretary of the Corporation.

2.9. *Waiver of Notice.* A waiver of any notice required to be given, filed by the person or persons entitled to such notice, whether before or after the time stated therein for the meeting, shall be the equivalent to the giving of such notice.

2.10. *Termination of Right to Vote.* A Member's right to vote may be suspended by a majority vote of the Board of Directors for cause, including but not limited to, default or nonpayment of any fee, due, assessment or other action by a Member inconsistent, damaging, or contrary to the purpose of the Corporation. In any case of suspension of the right to vote, the Member shall be given notice thirty (30) days prior suspension by first class United States mail, personal service, or other electronic means by consent of the Member. In the event a Member's voting right is suspended, the Member shall not be entitled to vote on any matter until the Member is reinstated as provided in paragraph 2.10.

2.11. *Reinstatement.* A Member may be reinstated upon affirmative vote of a two-thirds (2/3) majority of the Board of Directors and upon such terms and conditions as the Board of Directors may determine.

ARTICLE 3. BOARD OF DIRECTORS

3.1. *Powers.* The business and affairs of the Corporation shall be managed by a Board of Directors including but not limited to all powers granted to the Board of Directors in Article 10 of the Articles of Incorporation. The Board of Directors shall have the authority to enforce the Revised

Master Water Services Agreement, operate and manage the Water System, including but not limited to the authority to determine all rates, fees and charges to Members and others for water, water services, any and all other services, hookup charges, and to determine and charge Members special assessments for expansion of the system, capital improvements, repairs and any other charges for the operation, repair, improvement or expansion of the Water System.

3.2. *Additional Powers.* The Board of Directors may in the exercise of their discretion take any action necessary to adopt rules or regulations binding the Members related to the use, cost, delivery, metering, repair, maintenance, operation, renovation, improvement and expansion of the Water System.

3.3. *Number.* The Board of Directors shall be composed of not less than three (3) nor more than seven (7) Directors, the specific number to be determined by resolution of the Board. The composition of the initial Board of Directors shall be set out in the Articles of Corporation. The number of Directors may be changed from time to time by amendment to these Bylaws, but no decrease in the number of Directors shall have the effect of shortening the term of any incumbent Director.

3.4. *Initial Directors, Term of Office and Election of Directors.*

- a. The initial term of office of the Directors shall expire at the time of the annual meeting according to the following schedule:

August 2021 – Mike R. Craigen

August 2022 – Clifford R. Myers

August 2023 – Craig W. Hill

- b. After the initial term, a Director shall serve a term of six (6) years. A Director may be re-elected for consecutive terms.
- c. Upon expiration of a term, the Members shall be entitled to elect a Director for the next term. The person receiving the most votes for a Director position shall be elected to serve that term as a Director.
- d. Nominations for a Director position may be submitted by Members, in writing, delivered to the Secretary sixty (60) days prior to the annual meeting when the election will be held.

3.5. *Removal of Directors.* A Director may be removed from office at any time upon the affirmative vote of two-thirds (2/3) of the Directors then in office at any regular or special meeting of the Board. Notice of the proposed removal of any Director must be given to such Director thirty (30) days prior to the date of the meeting at which such removal is to be voted upon.

3.6. *Vacancies.* Any vacancies in the Board, whether caused by resignation, death or otherwise, may be filled by the affirmative vote of a majority of the remaining Directors. A Director elected to fill any vacancy shall hold office for the unexpired term of his or her predecessor and until his or her successor is elected and qualified. Any Director position to be filled by reason of an increase in the number of Directors may be filled by a majority vote of the Board for a term of office continuing only until the next annual meeting of the Corporation. At that time, the Members shall vote to fill the new Director position.

3.7. *Compensation.* The Directors shall not receive a fixed salary for their services as Board members. However, Board members who provide services to the Corporation shall be paid reasonable compensation for such services as determined by the Board of Directors in their sole discretion.

3.8. *Other Meetings.* The Board of Directors may hold special meetings, without notice to the Members, at their discretion, at such other place or places as they may designate from time to time. However, notice shall be given to each Director, not less than seven (7) days prior to such meeting. Special meetings of the Directors may be called at any time by the President or Vice President or by two (2) Directors. The Directors may participate in a meeting of Directors by any means of which all persons participating in the meeting can hear each other at the same time and participation by such means shall constitute presence in person at a meeting.

3.9. *Quorum.* A two-thirds (2/3) majority of the entire Board of Directors shall constitute a quorum for the transaction of business. However, when filling vacancies occurring in the Board of Directors, a majority of the existing Directors shall constitute a quorum. If, at any meeting, there is less than a quorum present, a majority of those present may adjourn the meeting from time to time without further notice to an absent Director.

3.10. *Manner of Acting.* The act of a majority of the Directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by statute or by these Bylaws.

3.11. *Voting.* Each member of the Board of Directors shall possess one vote in matters coming before the Board. All voting at meetings of the Board of Directors shall be by each Board member, in person, or by proxy.

3.12. *Action Without Meeting.* Any action which may be taken at a meeting of the Directors may be taken without a meeting if a consent, in writing, setting forth the action so taken, is signed by all the Directors entitled to vote thereon. Such consent shall have the same force and effect as a unanimous vote and may be stated as such in any Articles or document filed with the Secretary of State.

ARTICLE 4. OFFICERS

4.1 *Officers.* The officers of the Corporation shall be the President, Vice-President, Secretary, and Treasurer. A person may hold more than one office, except that the office of President and the office of Secretary shall not be held by the same person. An officer of the Corporation may also serve as a Member of the Board of Directors for the Corporation.

4.2 *Election, Term of Office, and Qualifications.* The officers shall be elected annually by the Board of Directors, from among such persons as the Board of Directors may see fit, at the annual meeting of Directors of the Corporation. Persons elected to office, whether at the annual meeting or at any other time, or to fill any vacancies, shall hold office until the date of the next annual meeting and until their respective successors are elected and qualified.

4.3 *Vacancies.* In case any office of the Corporation becomes vacant by death, resignation, retirement, disqualification, or any other cause, the majority of the Directors then in office may elect an officer to fill such vacancy, and the officer so elected shall hold office and serve until the annual

meeting of the Directors next succeeding and until the election and qualification of his successor.

4.4 *President.* The President of the Board of Directors shall supervise all activities of the Corporation; execute all deeds, bonds, contracts, and other obligations, on behalf of the Corporation, with the Secretary, in the name of the Corporation; preside at all meetings of the Board of Directors; and perform such other duties usually inherent in such office, except that such duties may be delegated as the President of the Corporation sees fit to so delegate.

4.5 *Vice-President.* The Vice-President of the Board of Directors shall act for the President in his absence and perform such other acts and duties as the President may from time to time direct.

4.6 *Secretary.* The Secretary of the Board of Directors shall have the duty to keep all records of the Board of Directors and of the Corporation, and to perform such other acts as the President may direct; shall sign, in the name of the Corporation, with the President, (or in the President's absence, with the Vice-President), all deeds, bonds, contracts and other obligations on behalf of the Corporation; shall attend and keep the minutes of all the meetings of the Board of Directors of the Corporation; and shall keep a record containing the names of all persons who are Directors of the Corporation, showing their places of residence, and such books shall be opened for inspection as prescribed by law.

4.7 *Treasurer.* The Treasurer shall receive and be accountable for all funds belonging to the Corporation, pay all obligations incurred by the Corporation when payment is authorized, maintain bank accounts in depositories designated by the Board of Directors, and render periodic financial reports.

4.8 *Removal.* Any officer may be removed from office by the affirmative vote of a majority of all Directors at any regular or special meeting called for that purpose.

ARTICLE 5. AGENTS AND REPRESENTATIVES

The Board of Directors may appoint such agents and representatives of the Corporation with such powers and to perform such acts or duties on behalf of the Corporation as the Board of Directors may see fit, so far as may be consistent with these Bylaws, to the extent authorized or permitted by law.

ARTICLE 6. CONTRACTS

The Board of Directors, except as otherwise provided in the Articles of Incorporation and these Bylaws, may authorize any officer or agent to enter into any contract or execute and deliver any instrument in the name of, and on behalf of, the Corporation, and such authority may be general or confined to the specific instance; and unless so authorized by the Board of Directors, no officer, agent or employee shall have any power or authority to bind the Corporation by any contract or engagement, or to pledge its credit, or render it liable pecuniarily for any purpose or to any amount.

ARTICLE 7. COMMITTEES

7.1 *Advisory Committee.* The Board of Directors may appoint from their number, or from such other persons as the Board may see fit, one or more Advisory Committees and, at any time, may appoint additional members thereto. Such Advisory Committees shall advise with, and aid, the officers of the Corporation in all matters designated by the Board of Directors. Each such Committee

may, subject to the approval of the Board of Directors, prescribe rules and regulations for the call and conduct of the meetings of the Committee and other matters relating to its procedure.

The members of any Advisory Committee shall not receive any stated salary for their services as such, but, by resolution of the Board of Directors, a fixed reasonable sum or expenses of attendance, if any, or both, may be allowed for attendance at each regular or special meeting of such Committee. The Board of Directors shall have power in its discretion to contract for and to pay to any member of any Advisory Committee special compensation appropriate to the value of such services.

7.2 Executive Committee. The Board of Directors, from time to time, may appoint an Executive Committee among the persons who are Directors, consisting of not less than two (2) persons. During the intervals between the meetings of the Board of Directors, the Executive Committee shall possess and may exercise all the powers of the Board of Directors in the management and direction of the affairs of the Corporation in all cases in which specific directions shall not have been given by the Board of Directors.

All actions by the Executive Committee shall be reported to the Board of Directors at its meeting next succeeding such action and shall be subject to revision and alteration by the Board, provided that no rights of third parties shall be affected by any such revision or alteration. Regular minutes of the proceedings of the Executive Committee shall be kept in a book provided for that purpose.

Vacancies in the Executive Committee shall be filled by appointment by the President subject to confirmation by the Board of Directors at its next meeting. The concurrence of two-thirds (2/3) of the Executive Committee shall be necessary for the passage of any resolution. The Executive Committee may act by written resolution although not formally convened. It shall fix its own rules of procedure, shall meet as provided by such rules or by resolution of the Board, and it shall also meet at the call of the chairman or any member of the Committee.

ARTICLE 8. FISCAL YEAR

The fiscal year of the Corporation shall be a calendar year, or such other year as is selected for Federal Income Tax purposes.

ARTICLE 9. PROHIBITION AGAINST SHARING IN CORPORATE EARNINGS

No Director, officer, or employee of, or member of, a Committee of or person connected with this Corporation, or any other private individual, shall receive at any time any of the net earnings or pecuniary profit from the operation of the Corporation, provided that this shall not prevent the payment to any such person of such reasonable compensation for services rendered to or for the Corporation in effect in any of its purposes as shall be fixed by the Board of Directors; and no such person or persons shall be entitled to share in the distribution of any of the corporate assets upon the dissolution of the Corporation. All Directors of the Corporation shall be deemed to have expressly consented and agreed that, upon such dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, the assets of the Corporation then remaining, after all debts have been satisfied, shall be distributed, transferred, conveyed, delivered, and paid over in such amounts as the Board of Directors may determine, or as may be determined by a court of competent jurisdiction upon petition of the Board of Directors, to another social welfare organization exempt from federal income tax under section 501(c)(4) of the Internal Revenue Code of 1986, (or the corresponding provision of any future U.S. Internal Revenue Code) and/or to any government entity

or instrumentality as determined by the Board of Directors.

ARTICLE 10. INVESTMENTS

Except as is otherwise provided in the Articles of Incorporation, the Corporation shall have the right to retain all or any part of any securities or property acquired by it in whatever manner, and to invest and reinvest any funds held by it, according to the judgment of the Board of Directors, without being restricted to the class of investments which a Trustee is or may hereafter be permitted by law to make, or any similar restriction.

ARTICLE 11. INDEMNIFICATION

11.1 Grant of Indemnification. Subject to Section 11.2, each person 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 threatened, pending, or completed action, suit or proceeding, whether formal or informal, civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she is or was a Director of the Corporation or who, while a Director of the Corporation, is or was serving at the request of the Corporation as a Director, officer, employee or agent of this or another Corporation or of a partnership, joint venture, trust, other enterprise, or employee benefit plan, whether the basis of such proceeding is alleged action in an official capacity as a Director or in any other capacity while serving as a Director, officer, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent permitted by applicable law, as then in effect, against all expense, liability and loss (including attorneys' fees, costs, judgments, fines, ERISA excise taxes or penalties and amounts to be paid in settlement) reasonably incurred or suffered by such person in connection therewith, and such indemnification shall continue as to a person who has ceased to be a Director and shall inure to the benefit of his or her heirs, executors and administrators.

11.2 Limitations on Indemnification. Notwithstanding Section 11.1, no indemnification shall be provided hereunder to any such person to the extent that such indemnification would be prohibited by Idaho law or other applicable law as then in effect, nor, except as provided in Section 11.4 with respect to proceedings seeking to enforce rights to indemnification, shall the Corporation indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person except where such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation.

11.3 Advancement of Expenses. The right to indemnification conferred in this section shall include the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition, except where the Board of Directors shall have adopted a resolution expressly disapproving such advancement of expenses.

11.4 Right to Enforce Indemnification. If a claim under Section 11.1 is not paid in full by the Corporation within 60 days after a written claim has been received by the Corporation, or if a claim for expenses incurred in defending a proceeding in advance of its final disposition authorized under Section 11.3 is not paid within 20 days after a written claim has been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, to the extent successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim.

11.5 Nonexclusivity. The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this section shall be valid to

the extent consistent with Idaho law.

11.6 Indemnification of Officers, Employees and Agents. The Corporation may, by action of its Board of Directors from time to time, provide indemnification and pay expenses in advance of the final disposition of a proceeding to officers, employees and agents of the Corporation on the same terms and with the same scope and effect as the provisions of this section with respect to the indemnification and advancement of expenses of Directors and officers of the Corporation or pursuant to rights granted pursuant to, or provided by, the Idaho Business Corporation Act or on such other terms as the Board may deem proper.

11.7 Insurance and Other Security. The Corporation may maintain insurance, at its expense, to protect itself and any individual who is or was a Director, officer, employee or agent of the Corporation or another Corporation, partnership, joint venture, trust or other enterprise against any liability asserted against or incurred by the individual in that capacity or arising from his or her status as an officer, Director, agent, or employee, whether or not the Corporation would have the power to indemnify such person against the same liability under the Idaho Business Corporation Act. The Corporation may enter into contracts with any Director or officer of the Corporation in furtherance of the provisions of this section and may create a trust fund, grant a security interest or use other means (including, without limitation, a letter of credit) to ensure the payment of such amounts as may be necessary to effect indemnification as provided in this section.

11.8 Amendment or Modification. This section may be altered or amended at any time as provided in these Bylaws, but no such amendment shall have the effect of diminishing the rights of any person who is or was an officer or Director as to any acts or omissions taken or omitted to be taken prior to the effective date of such amendment.

11.9 Effect of Section. The rights conferred by this section shall be deemed to be contract rights between the Corporation and each person who is or was a Director or officer. The Corporation expressly intends each such person to rely on the rights conferred hereby in performing his or her respective duties on behalf of the Corporation.

ARTICLE 12. AMENDMENTS

These Bylaws may be amended by unanimous vote of the Board of Directors of the Corporation at any regular or special meeting of the Board of Directors. Amendments so adopted shall take effect immediately.

ARTICLE 14. EXEMPT ACTIVITIES

Notwithstanding any other provision of these Bylaws, no Director, officer, employee or representative of this Corporation shall take any action or carry on any activity, by or on behalf of the Corporation, not permitted to be taken or carried on, without penalty, by an organization exempt from taxation, or by an organization whose contributions are deductible under federal income tax laws as they now exist, or as they should hereafter be amended.

The foregoing Amended Bylaws were adopted by all of the Board of Directors to become effective on the ____ day of _____, 2022.

Craig W. Hill

Clifford R. Myers

Michael R. Craigen

CERTIFICATION

The undersigned Secretary of the above Corporation hereby certifies that the foregoing is a full, true and correct copy of the Bylaws of GOLF CLUB ESTATES WATER ASSOCIATION, INC.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of said Corporation this ____ day of _____, 2022.

Michael R. Craigen, Secretary/Treasurer