

MIRCC CORPORATION BYLAWS

FINAL APPROVED 04/11/20

AMENDED BYLAWS OF MT. INDEX RIVERSITES COMMUNITY CLUB.INC.

ARTICLE 1:

The name of this association is Mt. Index Riversites Community Club, Inc., hereafter referred to as "MIRCC", organized under the provisions of the Washington State Non-Profit Act, RCW Chapter 24.03

ARTICLE 2: DEFINITIONS:

2.1 "MIRCC" shall mean and refer to Mt. Index Riversites Community Club. Inc., its successors and assigns.

2.2 "Property" or "Properties" shall mean and refer to that certain real property whose access is gained by MIRCC Roads, and such improvements and additions thereto as may hereafter be brought within the jurisdiction of the Community.

2.3 "Lot" or "Lots" shall mean and refer to any Property accessed by MIRCC roads having a separate tax identification number as assigned by the Snohomish County Assessor.

2.4 "MIRCC Roads" shall mean and refer to all the private roads and bridges owned, managed, maintained and repaired by MIRCC for the purpose of maintaining access to all Properties.

2.5 "Property Owner" shall mean and refer to anyone who owns Property or Properties accessed by use of MIRCC Roads. All notices and mailings required to be sent to a Property Owner shall be sent to the address of the property owner and/or taxpayer on record with the Snohomish County Assessor's office, or as may be designated.

2.6 "Property Owner in good standing" is one who has paid the Road Maintenance fee for the preceding year by the invoice due date of May 31st.

2.7 "Road Maintenance" shall mean the activities of MIRCC conducted to improve, repair, or otherwise enhance the quality of MIRCC Roads. Road Maintenance shall be the primary purpose of MIRCC as outlined in the Amended Articles of Incorporation.

2.8 "The Community" shall mean all Property or Properties which share access to the public highway over MIRCC Roads.

2.9 "MIRCC Member" shall mean any Property Owner who chooses to pay an annual membership fee established by the Board of Directors to MIRCC for the rights to enjoy MIRCC Member Property and the secondary purposes of MIRCC as outlined in the Amended Articles of Incorporation.

2.10 "MIRCC Member Property" refers to any property held by MIRCC for a purpose other than, or in addition to and unrelated to, the Road Maintenance activities of MIRCC. These properties included, but are not limited to, property held for river access and beach access.

ARTICLE 3: MEETINGS OF PROPERTY OWNERS

3.1 Annual meetings of the Property Owners shall be held on the first Saturday of May of each year at Index, Washington, or at such other place and time as may be stated in the notice of the annual meeting. The date, time, and meeting place may be changed by the Board of Directors to any convenient time and location in Snohomish County. Annual election of board members shall take place at the Annual Meeting.

3.2 Special meetings of the Property Owners may be called at any time by the President, the Board of Directors by majority vote, or by petition in writing signed by ten Property Owners in good standing.

3.3 Written notice of the time, place, and purpose of any annual or special meeting shall be mailed to each Property Owner of record not less than twenty days or more than sixty days prior to any annual meeting or not less than five days nor more than twenty days prior to any special meeting. Notice shall be given to each Property Owner by first class mail to the address on record with Snohomish County Assessor's office or other such address as may be designated.

3.4 Every Property Owner in good standing as defined in Article 2.6, above, shall have the right to vote by mail. Proxies are expressly prohibited. Each Property Owner may only vote once for each open position on the Board. Joint Property Owners shall only have one vote for each open position on the Board.

3.5 The President, or in the President's absence, the Vice President, shall preside at all meetings of Property Owners. In the absence of the President and the Vice President,

the meeting may be chaired by another Director as approved by a majority of the voting Directors present.

ARTICLE 4: DIRECTORS - SELECTION & TERM OF OFFICE

4.1 Board of Directors: The duties of MIRCC shall be managed by a Board of Directors of not less than seven (7) nor more than fifteen (15) Directors. Three of the MIRCC Board of Directors shall be year-round residents on a lot accessed by MIRCC-owned road; one of those three directors shall be elected each year. Three of the MIRCC Board of Directors shall not be year-round residents on a lot accessed by MIRCC-owned road; one of those three directors shall be elected each year. The remaining Board members shall be elected at large. The term of each Director shall be three (3) years, with one-third (1/3) of all Directors, including the designated Director positions, elected each year. The Board of Directors shall conduct all activities in accordance with these bylaws, the amended articles of incorporation of MIRCC, and the decision of the Hon. Thomas J. Wynne issued on the 10th day of August, 2009, in Snohomish County case number 07-2-07884-1.

4.2 Election of the Board of Directors: The Board of Directors shall be elected by all Property Owners in good standing. Nominations for the Board shall be self nominations by any Property Owner in good standing and sent to the Secretary of MIRCC. Nominees may provide a statement of no more than 300 words regarding their candidacy. Ballots shall be mailed by first class mail, to all Property Owners in good standing with all nominees listed and any candidate statements submitted, no less than 20 days prior to the Annual Meeting. In situations where nominations for board seats are equal to or less than the number of open seats, it shall not be necessary to mail ballots to property owners and those nominees shall be appointed to serve three-year terms. The election of the Board of Directors in 2009 shall be as authorized by the Hon. Thomas J. Wynne. Subsequent elections shall be conducted by the Board of Directors in accordance with these by laws and the amended articles of incorporation of MIRCC.

4.3 Voting: Each Property Owner in good standing shall have one vote for each open position on the Board. Joint Property Owners shall only have one vote for each open position on the Board. Owners shall vote for no more than the number of positions for which there are nominations. In no event shall an owner vote for more than 15 candidates. Ballots containing votes for more than 15 candidates shall be void. Each Property Owner may return the ballot in secret by placing the ballot in a plain envelope, and place that envelope in another envelope that must have the name and signature of

the Property Owner voting on the exterior of the envelope. Alternatively, each Property Owner may return the ballot with name and signature of the Property Owner voting on the ballot. Ballots may be returned by mail prior to the Annual Meeting or in person at the Annual Meeting.

4.4 Director Qualifications and Duties: Each Director must be a Property Owner in good standing. Where multiple persons share in the ownership of a property and qualify as a Property Owner, only one may serve as a Director at a time. Not more than one member of a marital community shall be eligible to serve on the Board of Directors at any time. Directors must attend regularly scheduled meetings of the board of directors and the annual meeting of Property Owners. Directors shall not miss three consecutive meetings or more than four meetings in any year unless excused by the Board of Directors. Directors must participate in committees as assigned by the Board of Directors. All Director positions are volunteer positions, and no compensation is allowed. Directors are precluded from doing paid work for MIRCC. Directors shall not engage in conduct which is detrimental to the best interests of the Community.

4.5 Removal of Board Members: After written notice to the Director affected, any member of the Board of Directors may only be removed for just cause by an affirmative vote of two-thirds majority of the Directors. A vote to remove a Director must be by secret ballot. Ballots will be distributed to each board member and must be returned within 10 days after notification. Written notice shall be provided to all members of the Board of Directors by first-class mail and notice shall include a statement of the grounds for removal. Just cause for the removal of a member of the Board of Directors may consist of any of the following reasons: failure to attend three consecutive meetings or four meetings in a year after receiving proper notification thereof; conviction of a crime involving moral turpitude; conduct determined by the Board to be detrimental to the best interests of the Community; or failure to maintain the status of Property Owner in good standing. Failure of a board member to remain in good standing shall result in immediate forfeiture of that member's position on the board.

4.6 Meetings: Regular meetings of the Board of Directors shall be held monthly at such time and place as is established by Board resolution. Notice of regular meeting, including an agenda for each meeting, shall be given to each Director by electronic means or other means as deemed acceptable by the Board of Directors. At any meeting of the Board of Directors a quorum shall mean one board member greater than one half of the current number of elected Board Members in good standing. Every act or decision of a majority of the Directors present at a meeting at which a quorum is present

shall be a lawful act of the Board. If a quorum of the Board of Directors is not present at the time and place designated for any meeting of the Board, a majority of Directors present may adjourn the meeting until such time as a quorum is present. Any meeting of the Board of Directors having once had a quorum present may adjourn from time-to-time until its business is completed. Regular meetings of the Board of Directors shall be open to all Property Owners, and all Property Owners shall be accorded a reasonable amount of time to address the Board of Directors. Reasonable notice of regular meetings of the Board of Directors shall be provided to all Property Owners, which may include posting the time and place of said meeting at the entrance of the Community or on the MIRCC website, but which shall not require any mailings. The Board of Directors may meet in Executive Session, which shall not be open to any Property Owners, for the sole purpose of discussing confidential matters.

4.7 Special Meetings: Special meetings of the Board of Directors may be called by the President or three Directors. Notice of a special meeting shall be provided to each Director by first class mail, fax, telephone, computer or other electronic means or in person not less than two days before the meeting. The notice shall include the time, place, and purpose of the special meeting.

4.8 Action Apart from Regular Meetings: The Board of Directors shall have the right to take any lawful action in the absence of a meeting by obtaining the written approval, which may be in electronic form, of a majority of the Directors. Such action shall follow the same decision-making procedures as practiced at regular meeting.

4.9 Board of Directors Vacancies: Any vacancy on the Board of Directors caused by death, resignation, inability to act, or other reason, including failure to maintain Property Owner in good standing status, may be filled by election by a majority of the Board for the unexpired term of such Director. Notice of the election to fill such vacancy shall be given to all members of the Board of Directors not less than ten days prior to the meeting at which said vacancy is to be filled.

4.10 All appointments to the Board to fill a vacancy shall be for the unexpired portion of an uncompleted term. All Directors shall hold office until a successor is elected, unless said Director vacates his or her position or loses eligibility.

4.11 All Directors of MIRCC shall have one vote at all Board of Directors meetings. The President or acting chair person will vote only in case of tie. In the absence of the

President the following order of succession to the chairperson's positions shall occur: 1. Vice President; 2. Treasurer; 3. Secretary.

ARTICLE 5: OFFICERS

5.1 The President shall be the chief executive officer of MIRCC and shall perform all the acts and duties usually incident to such office, including the duty of presiding at all meetings of Property Owners and of the Board of Directors.

5.2 The Vice President shall have the power and authority to perform all the functions and duties of the President in the absence of the President or his/her inability for any reason to act.

5.3 The Secretary shall attend all meetings of the Property Owners and of the Board of Directors and shall keep complete records of the minutes and proceedings. In the event the Secretary is not available, the Directors present will designate someone to record the minutes. A record of Property Owners shall be compiled and kept by the Secretary. The Secretary may also simultaneously hold the position of Treasurer. The Secretary shall keep copies of all correspondence. The Secretary shall make available to all Property Owners, upon appointment, the records of MIRCC for review. The Secretary shall publish the minutes of the previous board meetings and the agenda for the monthly board meeting no less than three days before the monthly meeting. This publication shall be electronic in nature and paper form at the monthly meeting. The current financial statements shall be presented at the board meeting and published after the meeting on the MIRCC website.

5.4 The Treasurer shall have the legal custody of MIRCC funds and shall keep full and accurate accounts of all receipts and disbursements. The Treasurer shall deposit all funds of MIRCC in the name of MIRCC in such banks or depositories as shall be designated by the Board of Directors. All bookkeeping duties of MIRCC shall be handled by a professional bookkeeper who is not a Property Owner. The Board of Directors may delegate other administrative duties to a management company, agency or individual. The Treasurer shall supervise and be responsible for all financial duties which have been delegated. The Board of Directors may require such bookkeeper, management company, agency, or individual to obtain a fidelity bond and the cost of such bond shall be paid by MIRCC.

5.5 All officers shall be elected by the Board and shall hold office for one year or until his or her successor is elected. Any vacancy in any office of MIRCC may be filled for the unexpired term of such officer by a majority vote of the Board of Directors. Notice of the

election to fill such vacancy shall be given to all Directors prior to the meeting at which such vacancy is to be filled unless such notice is waived by all the members of the Board. The Board of Directors shall meet each year following the election of the Board for the purpose of electing new officers. Elected officers shall take office and assume their duties following that meeting.

5.6 The day to day operation of MIRCC shall be conducted by the Executive Committee consisting of the President, Vice President, Secretary and Treasurer. The President or their designee shall respond to all correspondence on behalf of the Board of Directors. The President or his or her designee shall provide copies of correspondence to the Executive committee for approval and/or the entire Board for comment and input before disbursement. All correspondence and business that has taken place shall be presented to the full Board at the next scheduled meeting.

5.7 The Board of Directors through the Treasurer and Secretary shall make available to all Property Owners records of the Association, including financial records, in either paper or electronic form. Any Property Owner may request in writing a copy of the records of MIRCC from the Secretary or Treasurer. A Property Owner may review the records in person by appointment only. The requesting Property Owner shall be solely responsible for all costs associated with reviewing or obtaining copies of such records. The requesting Property Owner shall be solely responsible for having or obtaining the necessary software to review electronic records. The records of MIRCC shall not be used for any purpose unrelated to MIRCC, including any commercial purpose. No information that is not public record shall be given out.

5.8 The Board of Directors shall contract each year for an independent review of the financial records of the Association.

ARTICLE 6: COMMITTEES

6.1 The Board of Directors shall have the power to create any committees, either special or standing, and to delegate to them such powers and duties not inconsistent with these Bylaws and the Articles of Incorporation of MIRCC, as the Board of Directors shall from time-to-time deem advisable. Each committee shall have a minimum of one Director of the Board as a member of the committee.

ARTICLE 7: AMENDMENTS OF THE BYLAWS

7.1 These bylaws may only be amended or added to by the affirmative vote of a majority of the members of the Board of Directors once proper notice has been given of proposed changes under Article 4 of these bylaws. A written notice with a copy of

proposed bylaw changes must be sent to all Property Owners in good standing for review and comment 60 days before a vote on proposed Bylaw changes by the Board of Directors. The notice shall be sent by first class mail. In no case may the bylaws be amended so that they are inconsistent with the decision of the Hon. Thomas J. Wynne issued on the 10th day of August 2009, in Snohomish County case number 07-2-07884-1.

ARTICLE 8: ASSESSMENTS

8.1 All property owners who access their property by use of MIRCC Roads as defined in the Snohomish County Records and these bylaws including but not exclusive to roads and bridges, shall have an Implied Easement to traverse such roads and bridges to their property. All property owners with such Implied Easement shall have a responsibility to share in the cost of maintenance, repairs, and necessary improvements to such MIRCC owned roads and bridges.

8.2 Budget and Formula for Road Maintenance: Each year the Board of Directors shall establish a budget for Road Maintenance. Each Property Owner shall be assessed, and responsible for paying for, the Property Owner's share of the budget. Of the total Road Maintenance budget 80% will be based on the Implied Easement Fee and 20% will be based on an Assessed Value Fee. The Implied Easement fee shall be based upon the distance traveled over such roads and bridges to the furthest property owned by any one owner, the cost of maintenance on such distance traveled, and needs for emergency repairs shared by the total number of owners who traverse the same distance. The Assessed Value Fee shall be a percentage share based on the annual Snohomish County Assessor's assessed value of all Lots owned by each Property Owner as compared to the total assessed value of all Property Owners using MIRCC Roads. The Association's fiscal year shall be from May 1 of the current year to April 30 of the following year. The budget for each fiscal year shall be set by the Board of Directors and assessment invoices shall be mailed to all owners of record no later than April 15 of the ending fiscal year beginning 2010. A property owner's assessment must be paid in full by May 31st in order to remain in good standing.

8.3 Administrative Fees: Each year the Board of Directors shall establish an annual budget for the administrative costs of MIRCC. The administrative costs shall be assessed against all Property Owners in each area of the community at the same flat rate. For the purposes of these bylaws, two areas of the community shall be defined. One area includes properties accessed from the Mt. Index Road and the other area includes properties accessed via the Canyon Falls Bridge. Each area shall be assessed the same flat rate but the rate may be different in the two areas based on the unique

needs of each. The Administrative Fee may include the costs of bookkeeping, mailings, insurance, taxes, and other costs reasonably related to Road Maintenance as determined by the Board of Directors.

8.4 Special Assessments: The Board shall have the right to assess Property Owners special assessments in addition to regular assessments. Special assessments can include costs for emergency repairs, improvements to MIRCC Roads, or acquisition or development of new road or bridge infrastructure. These assessments shall remain in effect until the cost of such repair or improvement has been paid for, and in accordance with the assessment formula outlined in 8.2.

8.5 Reserve Fund: The Board of Directors may create and maintain a reserve fund using the formula for road assessments. The amount assessed and maintained as a reserve fund must be reasonable.

8.6 The Board shall have the power to borrow monies as needed against the assets of the Association for emergency repairs or major improvements.

8.7 Collection of Assessments: The Board of Directors shall have the power to pursue collection of assessments from property owners whose assessments are in arrears. Cost of such collection shall be the responsibility of the Property Owner in arrears. The Board of Directors may record a lien against property serviced by MIRCC Roads belonging to a Property Owner in arrears. All liens shall be recorded in accordance with the decision of the Hon. Thomas J. Wynne issued on the 10th day of August, 2009 in Snohomish County case number 07-2-07884-1.

8.8 Assessments for the following properties shall differ from those described in 9.1 below, as follows:

- (a) All properties dedicated to and accepted by public authority, agencies, or entities shall be exempt.
- (b) All MIRCC Member Property shall be assessed as property owned by other Property Owners except that these assessments may then be paid by MIRCC as administrative fees. In the event MIRCC limits the access to MIRCC Member Property, the assessments related to those lots may not be paid as administrative costs, but may be paid out of the voluntary membership fees established by MIRCC for its secondary purposes.
- (c) All operating properties owned by Burlington Northern Railroad shall be assessed per agreement between the Board and BNSF.

(d) Property owned by Clarence and Blanche "Peggy" Adams subject to the Settlement Agreement recorded with the Snohomish County Auditor on December 24, 1990 under recording number 9012240124 shall be treated according to said agreement.

(e) Property owned by Cecil Bottis, Lyle Evans, Willard D. Griffith, and Mary-Sue Griffith-Mercer, subject to the May 25, 1994, stipulated judgment on King County Case number 93-2-07964-8 shall be exempt.

ARTICLE 9: MIRCC MEMBER PROPERTY

9.1 MIRCC Member Property shall be managed separately and distinct from MIRCC Roads. MIRCC may establish MIRCC Member qualifications, including an annual membership fee, for the use and enjoyment of MIRCC Member Property.

9.2 MIRCC may regulate the use of MIRCC Member Property as needed and in accordance with MIRCC's secondary purposes as outlined in the amended articles of incorporation.

9.3 All accounts related to MIRCC Members and MIRCC Member Property must be held separate and distinct from any accounts held for Road Maintenance. MIRCC may include a voluntary membership request on the annual invoice to Property Owners to become a MIRCC Member so long as said request is obviously voluntary in nature.

ARTICLE 10: MISCELLANEOUS

10.1 All checks, drafts, and financial instruments shall be signed in such manner as shall be approved from time-to-time by the Board of Directors. The Board may delegate payment of corporate obligations to a property manager, agency, or other individual.

10.2 No loans or indebtedness or other financial obligation shall be contracted on behalf of MIRCC unless authorized by resolution of the Board of Directors.

10.3 All funds of MIRCC shall be deposited in such banks or other depositories as the Board of Directors may select.

10.4 The fiscal year shall commence on the first day of May in each calendar year and shall end on the last day of April of the next calendar year.

10.5 The Board of Directors may accept on behalf of MIRCC any contribution, gift, bequest or devise, or conveyance of land. The Board may not accept any conveyance of real property in payment of or in lieu of assessments, or purchase any real property, except by specific Board resolution pertaining to that property.

ARTICLE 11: INDEMNIFICATION

11.1 The Board of Directors shall indemnify any Director, officer, agent, or employee to the full extent of the law as authorized by the Washington Non-Profit Business Corporation Act. The Board may purchase appropriate insurance for such indemnification.

11.2 No indemnification shall be made by MIRCC unless authorized in the specific case after a determination that indemnification of the individual is permissible in the circumstances because he/she has met the then applicable standard of conduct for indemnification as provided by state law. After consideration of any claim filed for indemnification, the Board shall decide the appropriate method of determining how to authorize indemnifications as follows:

- (a) By a majority of the Board of Directors, none of those voting being at the time parties to such proceeding; or
- (b) Through the advice of counsel submitted to the Board.

11.3 Authorization of indemnification and determination as to the reasonableness of expenses shall be made by the Board. Directors who are parties to a proceeding shall not vote on the subject matter of indemnification issues under consideration.

11.4 Reasonable expenses incurred by an individual who is a party to a proceeding may be paid or reimbursed by MIRCC in advance of the final disposition of any proceeding. If as a result of the proceeding the individual is not entitled to indemnification, the Board shall take appropriate steps to recover the funds which have been advanced.

11.5 Any indemnification provided to any individual, including payment or reimbursement of expenses, shall be reported to members at the next annual meeting, including a brief description of the proceedings involved, the person being indemnified, and the nature and extent of such indemnification.