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**HOLMES HARBOR WATER COMPANY, INC.  
BOARD RESOLUTIONS**

**HHWC Resolution No. 1: Review of Construction Plans**

A committee consisting of members of the Board of Trustees shall review construction plans for all new residences or modifications that affect the height of the existing structure to insure they meet the requirements of the community's covenants and interpretation thereof. Sufficient information shall be supplied on plans to the Committee for their review.

The Committee will inform the lot owner in writing of their approval and/or any discrepancies that require corrective action.

First Reading 7/16/03      Board Adoption 8/20/03      Revised 12/22/03

**HHWC Board Resolution No. 2: Definition of Acceptable Structures**

With exception of certain lots defined by the community's covenants, no mobile homes shall be permitted in Holmes Harbor Estates for long term residency. A mobile home may be temporarily installed and occupied (only) during construction of a new home or during modification and must be removed shortly after construction is completed, not to exceed one year from the start of construction (foundation preparation).

All new residences or modifications shall meet the maximum height restriction (15 feet) with the exception of specific lots noted in the community's covenants. Height shall be measured from a point five feet from the structure at the highest point of undisturbed land surface. The vertical distance from a plane projected from the highest point of the finished roof to the aforementioned point will determine if this requirement is met.

For definition purposes, manufactured homes (built primarily off site and transported to the owner's lot for assembly) shall be designed to be a permanent structure, with wheels or other appurtenances for highway travel removed once located on the property. Foundations for manufactured homes must incorporate a permanent peripheral enclosure of a concrete wall above the continuous footings. The objective of this requirement is to make such structures appear to be permanent and similar to other homes constructed completely on the property in accordance with Island County requirements.

First Reading 7/16/03      Board Adoption 9/10/03      Revised 12/22/03

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**HHWC Board Resolution No. 3: Facilities Maintenance (Pump Houses and Other Property)**

The Board of Trustees or their designee shall be responsible for maintaining the property of the Holmes Harbor Water Co. All paid "landscape" or other property maintenance and reimbursement for same shall be approved by the majority of the board either in advance, by polling the members, or at a regular board meeting.

First Reading 7/16/03      Board Adoption 8/20/03      Revised 12/22/03

**HHWC Board Resolution No. 4: Documentation Information for Board Members**

Each Trustee will be furnished a three-ring binder when assuming their duties. The contents will be updated at least annually, shortly after the annual meeting. In addition to By-laws and Covenants, it shall include a list of current members of the community and note whether their assessments have been paid. It will contain the Trustees' names, phone numbers, mailing addresses, e-mail addresses and the expiration dates of their terms. It will also include space for minutes, budgets, and other relevant data necessary for the successful completion of their duties.

Each Trustee is charged with the responsibility of keeping their binder up-to-date and returning the binder to the Secretary upon leaving the board.

First Reading 7/16/03      Board Adoption 8/20/03      Revised 12/22/03

**HHWC Board Resolution No. 5: Financial Matters**

The Treasurer of the Board is responsible for all financial matters of the Holmes Harbor Water Company, Inc. ("corporation"). The treasurer will prepare an Operating Budget for the upcoming calendar year and present it at the December meeting for Board discussion and approval. The approved budget will then become the financial guideline for the corporation for the next year. At the end of each quarter the Treasurer will provide the Board with copies of the Balance Sheet, Profit and Loss Statement and a comparison of Budget vs. Actual expenses.

A bank account will be opened to hold the funds necessary to cover the operating budget.



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A separate bank account, Certificate(s) of Deposit or Board Approved Investments will be maintained for funds in excess of the Operating Budget. These funds will be set aside for Capital Improvements approved by the Board on a periodic basis. The source of income for the Capital Account will be the annual assessment (currently \$40.00) and all new hook-up charges (currently \$4,000.00 each).

All checks on the corporation's account must be signed by two Board members, one of whom must be either the President or the Treasurer. Recurring expenses such as the monthly electricity bill and/or water works contractor's (currently King Water Management) basic fee may be paid without prior Board approval. All other expenses must be presented to the Board and approved before they are paid.

First Reading: 9/24/03

Board Adoption: 10/29/03

Revised: 12/22/03

**HHWC Resolution No. 6: Collections**

Holmes Harbor Water Company, Inc dues and assessments are due upon receipt of the bill by the member. After thirty (30) days a monthly late fee of \$10 will be charged.

Accounts which are ninety (90) days past due will be called "delinquent" and will receive a Certified Letter (Return Receipt Requested). The certified letter will request payment within one week (7 days) and if payment is not received, water service may be discontinued.

If discontinuance of water service is required, a formal notice will be posted on the member's property. Water will be shut off shortly thereafter. The member will be responsible for the cost incurred by Holmes Harbor Water Co.

Reinstatement of water service will be provided subsequent to payment in full of the amount owed, including the disconnect cost. The cost of reestablishing water service will be paid by the member and will be billed immediately after reinstatement.

Delinquent accounts will not be allowed to reach the \$4000 maximum imposed by Small Claims Court, but litigation will be proposed in a Board of Trustees' meeting and acted upon in court. Prior to any court action a lien may be filed against the member's property if so directed by the Board of Trustees.

Special consideration of individual accounts will be considered by the Board of Trustees to alleviate a particular hardship if the member appeals to the Board in a timely manner.

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The above action will be the responsibility of the Treasurer of the corporation or his designee. The Treasurer will keep all Trustees aware of current actions underway.

First Reading: 10/29/03      Board Adoption: 12/1/03      Revised: 12/22/03

**HHWC Resolution No. 7: Financial matters - Appointed Board Members and others.**

The Board of Holmes Harbor Water Company, Inc. strongly respects the fiduciary responsibility entrusted to the Board by its members. The Board further believes that all Board members with signature authority to financial accounts should be elected by the membership at large.

Therefore members appointed to the Board shall not have signature authority on financial accounts until they have been elected by a vote of the entire membership at the annual meeting.

No other un-elected employees, contractors or representatives shall have signature authority on the financial accounts of the corporation.

First Reading: 12/1/03      Board Adoption: 12/22/03

**HHWC Resolution No. 8: Board member qualifications.**

No person who represents a membership in Holmes Harbor Water Company, Inc with an existing representative of that membership already elected or appointed to the Board of Trustees of the Holmes Harbor Water Company, Inc shall be allowed to serve on the Board until the current representative of that membership has left the Board.

First Reading: 12/01/03      Board Adoption: 12/22/03