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BY-LAWS

BYLAWS
OF
PORT LUDLOW VILLAGE COUNCIL, INC.
A Washington Non-profit Corporation

ARTICLE I
MEMBERSHIP

Section 1. QUALIFICATION FOR MEMBERSHIP.

1.1 The Membership of this Corporation is set forth in the Articles of Incorporation.

ARTICLE II
MEETINGS OF MEMBERS

Section 1. PLACE OF MEETING.

Membership meetings may be held at such place as may be designated in the notice of the meeting within Port Ludlow, and if no suitable location is available then within Jefferson County. All meetings shall be open to the public and all business transacted shall become part of the public record.

Section 2. ANNUAL MEETINGS.

The Voting Members of the Corporation shall meet at least annually. Each such annual meeting shall be held within sixty (60) days following the end of the Corporation's fiscal year. The Voting Members shall transact such business as shall properly come before them.

Section 3. SPECIAL MEETINGS.

Special meetings of the Voting Members may be called at any time by the President, one-third of the Directors, or one-third of the Voting Members.

Section 4. NOTICE OF MEETINGS.

A written notice stating the time and place of the annual meeting or any special meeting of the Voting Members shall be delivered personally or mailed, postage prepaid, to each Voting Member at his or her address as the same appears in the records of the Corporation, or if no

Section 9. ADJOURNMENT

An annual or special meeting of Voting Members may be adjourned from day to day or to a designated date and time by majority vote of the Voting Members present. No notice of adjournment need be given to absent Voting Members.

ARTICLE III

DIRECTORS

Section 1. POWERS AND DUTIES.

The business and affairs of the Corporation shall be managed and all corporate powers shall be exercised by or under the direction of the Board of Directors. Each Director, except Advisory Directors appointed by Olympic Resource Management and the "Businesses", shall have one vote on each issue to come before the Board of Directors. The Advisory Directors will receive notices of all meetings just as other Directors and may attend meetings, engage in discussions and voice their opinions on all matters to come before the Corporate Directors. The Board of Directors may delegate management of the day-to-day operations of the Corporation to such committee or committees, as the Board deems advisable. Any such committee may consist of persons who are not Directors, may consist only of persons who are Directors, or may consist of a mix of Directors and others.

Section 2. APPOINTMENT AND TENURE OF OFFICE.

At each annual meeting of Voting Members, Directors shall be elected to hold office until the next annual meeting and the election and qualification of their respective successors. A Director may be removed only by the procedures established by Washington law. Any vacancy created by the resignation, death, disqualification or removal of a Director may be filled by the vote of the constituency by which the Director was elected.

majority
Each Director, including a Director elected to fill a vacancy, shall hold office until the next annual meeting of the Voting Members, or until a successor has been elected and qualified.

Section 3. FIDUCIARY DUTIES.

Each Director owes a fiduciary duty to this Corporation and to its Voting Members, but in cases where there is a conflict of interest between the interests of a Voting Member whose constituency elected the Director and other Voting Members then, in that case, a Director shall have the right, notwithstanding such fiduciary duty, to vote in a manner consistent with the interest of the Voting Members who elected the Director. Directors with a conflict of interest shall have an obligation to disclose such conflict to the Board of Directors prior to voting.

address appears, at the Voting Member's last known place of residence or business, at least ten (10) days and not more than fifty (50) days prior to the meeting. A notice of any special meeting of Voting Members shall also state the purpose of such meeting. No action except of an advisory nature shall be taken at a special meeting except as stated in such notice. Notice of all meetings shall be given to the holder of any proxy filed with the Corporation in the same manner as if such proxy holder were a Voting Member.

Notice of regular meetings, other than the annual meeting, shall be made by providing each Voting Member with the adopted schedule of regular meetings for the ensuing year at any time after the annual meeting and ten (10) days prior to the next succeeding regular meeting and at any time when requested by a Voting Member, or by such other notice as may be adopted from time to time by the Board of Directors and approved by the Voting Members.

Section 5. QUORUM.

At any meeting of the Voting Members of the Corporation, notice of which was given as provided in Section 4 of this Article, 30% of the Voting Members shall constitute a quorum.

Section 6. VOTING RIGHTS.

In matters put to a vote at any meeting of the Voting Members, the Voting Members have the voting rights specified in the Articles of Incorporation.

Section 7. PROXIES.

Every Voting Member may authorize another Voting Member to act by proxy with respect to such voting rights, except for the election of Directors. A proxy may be revoked at any time by the Voting Member granting the proxy. All proxies shall be in writing signed by the Voting Member granting the proxy and filed with the Secretary of the Corporation.

Section 8. ELECTION OF DIRECTORS

Directors will be elected by the Voting Members. One Advisory Member of the Board of Directors shall be appointed by Olympic Resource Management Co. and one Advisory Member of the Board of Directors shall be appointed by the owners of real property within the Village Commercial Center Zone ("Businesses"). Persons owning real property in the South Bay Community and persons owning real property in the North Bay Community shall have between them the right to elect ten (10) persons to serve on the Board of Directors. Allocation of the ten (10) elected positions will be determined as stated in the Articles of Incorporation.

ARTICLE IV

MEETINGS OF DIRECTORS

Section 1. PLACE OF MEETINGS.

Meetings of the Directors may be held at any place within Port Ludlow and if no suitable place is available in Port Ludlow, then in Jefferson County.

Section 2. ORGANIZATIONAL MEETING.

The initial organizational meeting of the Directors shall be a regular meeting and shall be held as soon as practicable after the incorporating Directors have been elected and the Articles of Incorporation filed.

Section 3. ANNUAL MEETINGS.

The annual meeting of Directors, during which they shall elect officers, shall follow the annual meeting of the membership at which Directors are elected.

Section 4. SPECIAL MEETINGS.

Special meetings of the Directors may be called by the President or any three (3) Directors. Any business may be conducted at any special meeting.

Section 5. NOTICE OF SPECIAL MEETINGS.

Special meetings of the Board of Directors shall be held upon not less than five (5) days' written notice by mail or forty-eight (48) hours' notice delivered personally or by telephone, e-mail or facsimile. Neither the Articles of Incorporation nor these Bylaws may dispense with notice of a special meeting. Notices of less than five (5) days which are not actually received are not valid. However, if the Board of directors believe notice was received, action approved by a majority of the Board of Directors is valid.

Section 6. ACTION BY CONSENT WITHOUT MEETING.

Any action which may be taken at any annual or special meeting of the Board of Directors may be taken without a meeting; provided, however, that consent in writing setting forth the action to be taken has been signed by all Voting Directors. Advisory Directors will be given prior notice of such proposed action. Such action by written consent shall have the same force and effect as an affirmative vote of the Directors. Such action by consent shall also be filed in the minute book of the Corporation.

Section 7. QUORUM.

A majority of the Voting Directors constitutes a quorum for the transaction of business.

Every action taken or decision made by a majority of the Voting Directors present at a meeting, notice of which was given in accordance with these Bylaws and at which a quorum is present, is a binding act or decision of the Board of Directors.

Section 8. USE OF COMMUNICATIONS EQUIPMENT.

Meetings of the Board of Directors may be convened by conference telephone or similar communications equipment, so long as all Directors participating in such meeting can hear one another. Each person elected to the Board of Directors hereby agrees that any such meeting may be recorded, with or without specific notice of recording having been given.

Section 9. ADJOURNMENT.

A majority of the Board of Directors present, whether or not constituting a quorum, may adjourn any meeting of the Board to another time and place.

ARTICLE V

OFFICERS

Section 1. OFFICERS.

The officers of the Corporation shall be a President, Vice President, a Secretary and a Treasurer. The Corporation may also have, at the discretion of the Board of Directors, a Chairman of the Board of Directors, one or more additional Vice Presidents, one or more Assistant Secretaries, one or more Assistant Treasurers, and such other officers as may be appointed by the Board of Directors. One person may hold more than one office, provided that one person may not hold the combined offices of President and Secretary.

Section 2. ELECTION AND TERM OF OFFICE.

The officers shall be elected by the Board of Directors at its initial organizational meeting following the adoption of these Bylaws, and thereafter at each annual meeting. Each officer shall hold office until he or she resigns, is removed from office or is otherwise disqualified or unable to serve or until a successor is elected and qualified.

Section 3. REMOVAL.

Any officer may be removed by a majority vote of the Board of Directors at any regular or special meeting of the Board, whether or not such person has an employment contract with this Corporation.

Section 4. VACANCIES.

A vacancy in any office because of death, resignation, removal, disqualification or any other cause may be filled by the Board of Directors at a special meeting in the manner prescribed in these Bylaws for regular elections to such office.

Section 5. PRESIDENT.

The President shall be the Chief Executive Officer of the Corporation, shall be subject to the control of the Board of Directors, and shall have general supervision, direction and control of the business and affairs of the Corporation. The President may preside at the meetings of the Board of Directors. The President shall have such other powers and duties as may be determined from time to time by the Board of Directors or the Bylaws.

Section 6. VICE PRESIDENTS.

In the absence or disability of the President, the Vice President or First Vice President, if there shall be more than one Vice President, shall perform all the duties of the President; and, when so acting, the Vice President shall have all the powers of the President. The Vice President(s) shall have such other powers and perform such other duties as from time to time may be prescribed by the Board of Directors or the Bylaws.

Section 7. SECRETARY.

The Secretary shall keep, or cause to be kept, at the registered office of the Corporation or at such other place as the Board of Directors may order, a book of minutes of all meetings, with the time and place of holding, whether regular or special (and, if special, how authorized and the notice thereof), the names of those present at the meetings, and the proceedings thereof.

The Secretary shall keep, or cause to be kept, a register showing the names and addresses of the Master Planned Resort property owners, as well as a register of Voting Members.

The Secretary shall give, or cause to be given, notice of all the meetings of the Voting Members and of the Board of Directors, as required by the Bylaws or by law, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or the Bylaws.

Section 8. TREASURER.

The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Corporation, including accounts of its liabilities, receipts, disbursements, losses and capital. The books of account shall at all reasonable times be open to inspection by any Director or Voting Member, but a Voting Member may be required to pay any cost or expense incurred by the Corporation to accommodate the request to inspect the books of account.

The Treasurer shall deposit all moneys and other valuables to the credit of the Corporation with such depositories, or in such investments guaranteed by the full faith and credit of the United States, as may be designated by the Board of Directors. The Treasurer shall pay the obligations of the Corporation from the Corporation funds as directed specifically or generally by the Board of Directors.

The Treasurer shall render annual financial statements. The corporation's financial statements shall be reviewed by a Certified Public Accountant approved by the Board of Directors if the funds available to this Corporation allow it to employ a Certified Public Accountant. The Treasurer shall provide the Board of Directors with periodic statements of income, disbursements and a statement of the balances in the Corporation's accounts. The Board of Directors may, if it elects, and funds are available, cause the annual statements to be audited by Certified Public Accountants of the Board's choice.

ARTICLE VI

DUES, ASSESSMENTS AND USER FEES

Section 1. Dues may be assessed to Voting Members only as provided in the Articles of Incorporation.

Section 2. The Board of Directors may impose user fees upon those persons, whether or not Members, who make use of the Corporation's facilities, goods or services.

Section 3. User fees and assessments shall have a rational relationship to the goods, services or use made by the person(s) to whom the fees or assessments are charged.

ARTICLE VII

AMENDMENTS

Section 1. The Board of Directors shall adopt the initial Bylaws of the Corporation.

Section 2. These Bylaws may be amended, at a regular or special meeting of the Voting Members by a 60% majority of the Voting Members present in person or by proxy, providing there is a quorum.

CERTIFICATE OF SECRETARY

I certify that the foregoing Bylaws of Port Ludlow Village Council, Inc., a Washington nonprofit corporation, were duly adopted by the Voting Members of such Corporation on

_____.

_____, Secretary