

RESTATED 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 or their Trustee or legal representative at their address as the same appears in the records of the Corporation, 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 regular meetings, other than the annual meeting, shall be made available to each Voting Member upon request.

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. For the purpose of constituting a quorum, a Voting Member who mails in a ballot/proxy shall be deemed to be present in person at any annual or special meeting. In an election for Directors, votes cast by a property owner that is not presently a registered Voting Member will be counted in the determination of 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 Article of Incorporation.

Section 7. PROXIES.

Every Voting Member may authorize another Voting Member to act by proxy with respect to such voting rights. 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. In an election for Directors, every owner of real property may authorize a Voting Member (e.g., a Director so specified in the proxy/ballot instructions) to vote on their behalf by proxy.

Section 8. ELECTION OF DIRECTORS.

(a) Owners of real property within the Port Ludlow Master Planned Resort shall have the right to elect ten (10) persons to serve on the Board of Directors. Allocation of the ten (10) elected positions between communities will be as determined by the Articles of Incorporation. Additionally, one Advisory Member of the Board of Directors shall be appointed by Olympic Property Group LLC, so long as it maintains a presence as a developer of the Master Planned Resort, 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"). Only the elected Directors may participate in voting on issues before the Board, and they are designated as the Voting Directors.

(b) In the calendar year 2000, prior to or at the annual meeting of members, five (5) Directors shall be elected to a one year term and five (5) Directors shall be elected to a two year term. Prior to or at each subsequent annual meeting, five (5) Directors shall be elected to a two year term, as per the Articles of incorporation.

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. VACANCIES.

Any vacancy created by the resignation, death, disqualification or removal of a Director will be filled in an election among the board of directors. A majority vote of the remaining Directors shall be required, and the Directors must assure that the newly elected Director is a member of the same community as the departing Director. The newly elected Director shall serve out the remaining term of the departing Director. A Director may be removed only by procedures established by Washington law.

Section 3. FIDUCIARY DUTIES.

Each Director owes a fiduciary duty to this Corporation and to its Voting Members. Directors with a conflict of interest shall have an obligation to disclose such conflict to the Board of Directors prior to voting.

## 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 immediately 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, email 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 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 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.

OFFICERS V

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 of Directors and Members, 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 the 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 if 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 will 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 Voting 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

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 Restated Bylaws of Port Ludlow Village Council, Inc., a Washington nonprofit corporation, were duly adopted by the Voting Members of such Corporation on July 6, 2000.

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\_\_\_\_\_, Secretary