

**RESOLUTION OF THE BOARD OF DIRECTORS OF
HMC MANAGEMENT
ESTABLISHING THE HERRON ISLAND WATER UTILITY**


COME NOW the undersigned members of the Board of Directors of HMC Management ("HMC"), and certify that the following Resolution was duly adopted by the Board of Directors of HMC (the "Board") at a meeting properly noticed to all Board Members on the 8th day of October 2011:

WHEREAS, the Board has identified the need to establish a not-for-profit corporation, separate from HMC, to manage the operation of the Herron Island water distribution system;

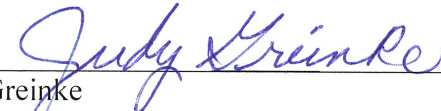
WHEREAS, the Board believes that it is in the best interests of HMC to establish such a corporation; NOW, THEREFORE,

BE IT RESOLVED that, for the purposes mentioned above, the Board shall create a not-for-profit corporation by the name of Herron Island Water Utility ("Utility") by application to the Washington Secretary of State through the submission of Articles of Incorporation in the form attached hereto as Exhibit A.


IN WITNESS HEREOF, we have executed this Resolution this 8th day of October 2011.




Mark Anderson



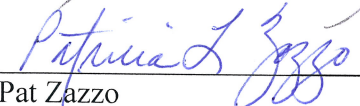
Judy Greinke



Gary Wanzong




Dianne DeGood



Pat Zazzo

BE IT FURTHER RESOLVED that a copy of this Resolution shall be placed in the minutes of this or the next regular meeting of the HMC Board of Directors.

This Resolution was adopted by the Board of Directors on October 8, 2011, and shall be effective immediately.



Mark Anderson, President

ATTEST:



Dianne DeGood, Secretary