

RECORDING REQUESTED BY
AND WHEN RECORDED, RETURN TO:

Jackson Walker LLP
Attn: Wes Strickland, Esq.
100 Congress Avenue, Suite 1100
Austin, TX 78701



Amador County Recorder
Kimberly L. Grady

DOC- 2016-0001111-00

Check Number 9095 2124

REQD BY FIRST MACE MEADOW WATER ASSN INC

Friday, FEB 12, 2016 15:12

Ttl Pd \$154.00

Nbr-0000276512

CT2/R1/1-48

THIS SPACE RESERVED FOR
RECORDER ONLY
(Govt. Code § 27361.6)

ASSESSOR PARCEL NUMBERS: See Exhibit A

**BYLAWS
OF
FIRST MACE MEADOW WATER ASSOCIATION, INC.**

TABLE OF CONTENTS

1.	NAME AND PURPOSES	1
1.1.	Name	1
1.2.	Principal Office	1
1.3.	Purposes	1
1.4.	Members and Service Area	1
2.	MEMBERSHIPS	1
2.1.	Parcels	1
2.2.	Appurtenance of the Memberships to Parcels	2
2.3.	Owners	3
2.4.	Certificate for Memberships	3
2.5.	Lost Certificates	4
2.6.	Resignation of a Member	4
3.	DELIVERY OF WATER	5
3.1.	Delivery of Water to Members	5
3.2.	Delivery of Water to Lessees	6
3.3.	Restriction on Place of Use of Water	6
3.4.	General Water Use Regulation	6
3.5.	Delivery of Water to the State or Other Public Agencies	8
3.6.	No Entitlement to System	8
3.7.	Water Connections	8
3.8.	No Connection to System	9
3.9.	Expansion, Enlargement, Modification or Repair of System	9
4.	MEETINGS OF MEMBERS	11
4.1.	Place of Meetings	11
4.2.	Annual Meeting	11
4.3.	Special Meeting	11
4.4.	Notice of Members' Meeting	12
4.5.	Manner of Giving Notice; Affidavit of Notice	12
4.6.	Waiver of Notice or Consent by Member	13
4.7.	Membership Action By Written Ballot	13
4.8.	Membership Action by Written Consent	14
4.9.	Membership Action at a Meeting	14

4.10.	Notice of Adjourned Meetings.....	15
4.11.	Voting Procedures.....	15
4.12.	Proxies.....	15
4.13.	Management Proxies.....	16
4.14.	Record Date	16
5.	DIRECTORS	16
5.1.	Powers.....	16
5.2.	Limitation of Authority.....	18
5.3.	Other Duties	18
5.4.	Performance of Duties by Director	19
5.5.	Number of Directors	19
5.6.	Election and Term of Office of Directors	20
5.7.	Vacancies	20
5.8.	Removal of Directors by Members.....	21
5.9.	Committees of Directors	21
5.10.	Place of Meetings and Meetings by Telephone	21
5.11.	Regular Meetings	22
5.12.	Special Meetings	22
5.13.	Waiver of Notice.....	22
5.14.	Quorum	23
5.15.	Adjournment; Notice of Adjournment.....	23
5.16.	Action Without Meeting	23
5.17.	Mutual Water Company Open Meeting Act.....	23
5.18.	Director Training	23
6.	OFFICERS.....	24
6.1.	Officers	24
6.2.	Election of Officers.....	24
6.3.	Subordinate Officers	24
6.4.	Removal and Resignation of Officers.....	24
6.5.	Vacancies in Offices	24
6.6.	President.....	24
6.7.	Secretary	25
6.8.	Treasurer	25

7.	INDEMNIFICATION.....	26
8.	FINANCIAL MANAGEMENT	27
8.1.	Fiscal Year	27
8.2.	Reserve Fund	27
8.3.	Budget	27
8.4.	Revenues	28
8.5.	Financial Reports	28
8.6.	Annual Financial Review.....	28
8.7.	Checks, Drafts, and Evidences of Indebtedness	29
8.8.	Members' Interest	29
9.	ASSESSMENTS.....	29
9.1.	Authority to Levy Assessments	29
9.2.	Levy Resolution	29
9.3.	Notice of Assessment.....	30
9.4.	Lien	30
9.5.	Delinquent Assessments	30
9.6.	Treatment of Forfeited Shares	31
10.	RATES AND CHARGES	32
10.1.	Authority to Establish and Set Rates and Charges.....	32
10.2.	Collection of Rates and Charges	32
10.3.	Delinquent Rates and Charges	32
11.	RECORDS AND REPORTS	33
11.1.	Maintenance and Inspection of Bylaws	33
11.2.	Inspection of Corporate Records	33
11.3.	Maintenance and Inspection of Membership Registers	33
11.4.	Inspection by Directors	34
12.	GENERAL CORPORATE MATTERS	34
12.1.	Record Date For Member Notice, Voting and Giving Consents	34
12.2.	Record Date for Purposes Other Than Notice and Voting	35
12.3.	Member Discipline.....	35
12.4.	Corporate Contracts and Instruments; How Executed.....	36
12.5.	Construction, Definitions and Notice	36

13.	AMENDMENTS	36
13.1.	Amendment by Members.....	36
13.2.	Amendment by Directors.....	37

**BYLAWS
OF
FIRST MACE MEADOW WATER ASSOCIATION, INC.**

1. NAME AND PURPOSES

1.1. Name

The name of the nonprofit mutual benefit corporation created hereby is the First Mace Meadow Water Association, Inc.

1.2. Principal Office

The principal office of the corporation shall be at 20124 Highway 88, Pine Grove, California 95665, with a mailing address of P.O. Box 365, Pine Grove, California 95665. The Board of Directors (the "Board") shall have the authority to change the principal office from one location to another within the County of Amador, State of California ("County").

1.3. Purposes

The purposes of the corporation shall be to develop, acquire, store, treat, distribute, supply and deliver water for domestic and commercial uses to its members, at actual cost plus necessary expenses. Notwithstanding the foregoing, the corporation may sell water to the state, any department or agency thereof, any school district, any public agency, any other mutual water company or, during any emergency resulting from fire or other disaster involving danger to public health or safety, to any person at the same rates as to members.

1.4. Members and Service Area

Members shall be limited to owners of land within the Service Area, which is that area located in the County, commonly known as the Mace Meadows Subdivision, Units 2 through 7, and the Fairway Estates Subdivision, Unit 1, as particularly described in Exhibit B. One membership shall be issued for each Parcel in the Service Area. The corporation shall be prohibited from issuing fractional memberships.

2. MEMBERSHIPS

2.1. Parcels

Each person who is the owner of record of a unit of real property that (i) is situated within the Service Area, (ii) is identified by a single assessor parcel number and (iii) has had a membership made appurtenant to it (each such unit of real property shall be referred to as a "Parcel") shall be a member as defined in the Nonprofit Corporation Law, Section 5056. Each membership shall be appurtenant to one Parcel, and each membership certificate issued by the

corporation shall describe on the certificate the specific Parcel to which the membership is appurtenant. The assessments, rates or charges levied or adopted by the corporation shall be considered obligations arising out of the member's ownership of the real property interest in the Parcel to which the membership is appurtenant. The corporation shall provide water solely to each of the Parcels, through a single service connection, for domestic and commercial uses, solely by the applicable member and those persons who are legal occupants of such Parcel pursuant to a lease or rental agreement.

2.2. Appurtenance of the Memberships to Parcels

Each membership shall be appurtenant to the Parcel described in the certificate issued therefor and shall only be transferred therewith, except after forfeiture of the membership for delinquency, as provided in California Corporations Code Section 14303 or as otherwise described in these Bylaws.

Conveyance of a Parcel shall effect the transfer of the membership appurtenant to that particular Parcel to the new owner of record of the Parcel, and such new owner of record shall thereafter be entitled to all rights of a member in the corporation, subject to the process of issuance of a new membership certificate by the corporation for the share appurtenant to the Parcel as shown by the books and records of the corporation, all in accordance with the procedures described in these Bylaws and as may be adopted by the Board. Every conveyance effecting a transfer of title to a Parcel to which a membership is appurtenant, whether such conveyance is by grant or operation of law or passage of title to property by executive sale, foreclosure or probate proceedings, shall operate, whether or not it be so expressed in the grant or other means of transfer of said Parcel, as a transfer of the membership and therefore, as a transfer of all the rights (including the right to delivery of water) as provided under the terms of the corporation's articles, bylaws and applicable law, to the grantees or successors in title of said Parcel. Upon completion of the conveyance of legal ownership of the Parcel by the member, such former member agrees to promptly deliver the physical certificate to the Secretary of the corporation for cancellation and destruction.

Upon completion of conveyance of legal ownership of the Parcel by the member, such former Parcel owner shall no longer be a member and shall have no rights as a member. If, upon conveyance of such Parcel, the former owner of record of the Parcel shall refuse to deliver the existing membership certificate representing the appurtenant membership to the corporation in a timely manner, the corporation shall have the right to cancel the certificate of the former owner of record of the Parcel and issue a new certificate to the new owner of record of the Parcel, and such new owner of record of the Parcel shall thereupon be entitled to all rights of a member in the corporation.

Upon (a) presentation to this corporation of either a deed for a Parcel that has been duly recorded or the necessary court order pertaining to a Parcel that has been duly recorded, and (b) payment by the grantee or successor in title to the

Parcel of the required transfer fees, if any, as the Board may from time to time determine, and (c) upon payment by the grantee or successor in title to the Parcel of all indebtedness to the corporation accrued by the former owner of record of the Parcel whose membership is being transferred, including any delinquent assessments, rates or charges, the Secretary of this corporation shall: (i) enter the name of the grantee or successor in title upon the books of the corporation as the owner of such membership and cause the transfer of such membership to be made upon its books to the grantee or successor in title to said Parcel; (ii) cancel on the books the name of the former owner of record (or any previous owner or holder of title) with respect to the membership appurtenant to the Parcel and cause the outstanding certificate previously held by the former owner of record of the Parcel to be cancelled; and (iii) shall issue to the grantee or successor in title named in the conveyance documentation a new certificate for the membership appurtenant to the Parcel as shown by the books and records of the corporation.

2.3. Owners

The holders or owners of the memberships of this corporation shall be limited to the record owners of a Parcel within the Service Area. The membership for a Parcel held as community property or in joint tenancy, tenancy in common, or in the name of a partnership or joint venture shall be issued as a single share in the name of the owners pursuant to their legal manner of ownership; provided, however, that each Parcel issued a membership other than in the name of a single natural person shall designate to the corporation one owner who shall be entitled to cast that share's vote on all matters submitted for vote to the members of the corporation. The Board of Directors is empowered to consider special circumstances from time to time not covered in these Bylaws, and based on such circumstances issue memberships and determine eligibility for becoming a member.

2.4. Certificate for Memberships

Every holder of a membership in this corporation shall be entitled to have a certificate signed in the name of the corporation by the President and the Secretary certifying the membership owned by the member. Any or all signatures on the certificate may be a facsimile. The membership certificates of this corporation shall be issued in such a form as the Board may direct, but each certificate shall express (on the face or on the reverse side, so long as for any certificate where text is included on the reverse side, a reference is added to the face that states "Additional text is printed on the reverse side"): the certificate number; date of issuance; the owner of record pursuant to the legal manner of ownership; to whom the certificate is issued; and the following language:

"The First Mace Meadow Water Association, Inc. is a mutual water company pursuant to California law. This membership is appurtenant to that parcel designated by Assessor's Parcel Number _____, for which it is issued. This membership is subject to assessment, which shall constitute a lien on the

membership and may be enforced by any legal means, including but not limited to refusal to transfer the membership, denial of the right to vote, suspension of water service, forfeiture of the membership or recording a notice of lien against the Parcel, with no remedy being exclusive.”

Each share of stock that was issued and outstanding as of the conversion of the corporation from a general corporation to a nonprofit mutual benefit corporation as of June 28, 2015, shall be converted into one membership. All stock certificates issued prior to June 28, 2015 shall be null and void and have no legal effect, and the corporation shall issue new membership certificates to all members of the corporation pursuant to these Bylaws. A member may retain previously issued stock certificates for purposes of personal or historical interest, but such previously issued stock certificates shall not have any legal or corporate effect once new membership certificates have been issued to all members. New membership certificates shall be mailed to each member at their record address on file with the corporation.

2.5. Lost Certificates

Except as provided in this Section 2.5 and in Section 7314 of the Nonprofit Mutual Benefit Corporation Law, no membership certificate shall be issued to an owner of record of a Parcel to replace a certificate previously issued, unless the previously issued certificate is surrendered to the corporation and cancelled by the corporation at the same time as the issuance of the replacement membership certificate to the member by the corporation. In any case where the owner of record of the Parcel is unable to surrender the membership certificate previously issued to such owner of record of the Parcel because such membership certificate was lost, stolen or destroyed, the Board may authorize the issuance of a duplicate certificate on such terms and conditions as the Board may require, including provision for indemnification of the corporation, secured by a bond or other adequate security sufficient to protect the corporation against any claim that may be made against the corporation, including any expense or liability incurred, on account of the alleged loss, theft, or destruction of the certificate or the issuance of the replacement certificate.

2.6. Resignation of a Member

A member may request to resign from the corporation, by providing written notice to the Secretary, signed by all persons or entities with an ownership interest in the membership, at least ninety (90) days prior to the proposed date of resignation, which date will be identified in the notice. The resigning member shall not be relieved from any obligation for assessments, rates or charges, or arising from contract, a condition to ownership of land, an obligation arising out of the ownership of land, or otherwise, and the right of the corporation to enforce any such obligation or obtain damages for its breach shall in no way be diminished by the request of such member to resign. The Board shall perform an analysis to determine the extent to which the resignation of the member would

have a financial or other impact on the remaining members, and to the extent the Board determines that any such impacts would occur, may demand (i) payment by the member, prior to the date of resignation, of an amount reasonably necessary to mitigate such impacts, including any attorney or other professional fees necessary to implement the resignation, (ii) performance by the member, prior to the date of resignation, of any actions deemed necessary or convenient to allow the physical disconnection of the water system from the member's Parcel in the manner determined by the Board, and (iii) execution by the member of any legal instruments deemed necessary or convenient to accomplish the disconnection of the water system from the member's property as of the effective date of resignation by the member, including easements or other agreements deemed necessary or convenient to continue to locate or maintain water system facilities on the member's property. The response of the Board to the member, either confirming the resignation request or conditioning the resignation upon meeting the enumerated requirements, shall be provided by written notice, within sixty (60) days after receipt of the resignation notice. The ability of a member to resign from the corporation shall be conditioned upon satisfying the requirements described above, and until such time as the resigning member has satisfied such requirements and the membership has been cancelled by the corporation, the member is subject to a continuing legal obligation to perform the requirements of the corporation and to pay all continuing fees, rates, charges and assessments.

If a member resigns from the corporation, the memberships held by that member shall be severed from the Parcels to which such memberships were appurtenant. The corporation shall have the right to issue such severed memberships to other persons and to make such shares appurtenant to other Parcels in the Service Area or to cancel such memberships. Upon request by the owner of record of a Parcel from which a membership was severed (whether the owner of record that resigned the membership in the corporation or a subsequent owner of record) for a new membership to be made appurtenant to the Parcel, in its sole and absolute discretion, the Board may set the terms and conditions on which the corporation will again issue a membership to the then-current owner of record for such Parcel.

3. DELIVERY OF WATER

3.1. Delivery of Water to Members

The corporation shall provide water to all of its members and owners of its memberships, and only to such persons, through the water system owned by the corporation. The water system owned by the corporation shall include all facilities up to and including the water meter for each service connection. If the Service Area contains lands owned or controlled by a homeowners association, the corporation shall provide water to such common area lands.

3.2. Delivery of Water to Lessees

The corporation shall deliver water to any Parcel leased by a member to a non-member who is an occupant, pursuant to a lease or rental agreement (referred to in these Bylaws as an “Eligible Person”). Prior to the delivery of water to an Eligible Person, the relevant member shall notify the corporation of the lease of the Parcel to the Eligible Person and of the intent of the member for the corporation to deliver water to the Eligible Person pursuant to the member’s membership. Such notice to the corporation by the member shall be on a form to be adopted by the Board which will require the member to agree in writing to impose certain terms on the Eligible Person with respect to use of the water services (including but not limited to a requirement that the Eligible Person agree in writing to abide by the rules and regulations issued by the Board) and to take financial and other responsibility for the water service usage of the Eligible Person. The Board may determine in its discretion whether payment shall be due from the member or the Eligible Person.

3.3. Restriction on Place of Use of Water

Water developed, distributed, supplied and delivered by this corporation through a service connection to a Parcel shall only be used upon that Parcel and shall only be used for domestic or commercial purposes.

3.4. General Water Use Regulation

In its discretion, the Board may adopt rules and regulations regarding the manner of providing water to members, by which all members shall be bound. Such rules may include, but are not limited to, the following:

- 3.4.1 *Supply to Separate Premises.*** Not more than one Parcel shall be serviced from each service connection. Each Parcel shall have only one service connection.
- 3.4.2 *Water Waste.*** No member or Eligible Person shall knowingly permit leaks or waste of water. Where water is wastefully or negligently used on a member’s Parcel, affecting the general service, the corporation may suspend water service to that Parcel pursuant to the process set forth in Section 12.3.
- 3.4.3 *Responsibility for Equipment on Member Premises.*** All water system facilities installed by the corporation on a Parcel for the purpose of rendering water service to that Parcel or to other Parcels in the Service Area, shall remain the property of the corporation and may be maintained, repaired or replaced by the corporation without consent of or interference by the member or any Eligible Person. The member and any Eligible Person shall use reasonable care in the protection of the facilities, will provide assistance in keeping the area over pipes free of trees and other plants that might damage the water system pipes

and will provide other assistance as described in the Rules and Regulations. No person shall place or permit the placement of any object, surface or structure over the water system facilities or take any action that will interfere with the corporation's free access to a water valve box, hydrant, meter box, pipes or other water system equipment or that will interfere with the reading of a meter.

- 3.4.4** ***Damage to Water System Facilities.*** The member shall be liable for any damage to or tampering with the corporation-owned water service facilities when such damage is from a cause originating on the premises by an act of the member or the member's tenants, agents, employees, contractors, guests, licensees or permittees. The member shall promptly reimburse the corporation for the cost to repair any damage upon presentation of a bill. The corporation may collect such costs from the member by any legal means, including but not limited to those set forth in Section 9.5.
- 3.4.5** ***Ground-Wire Attachments.*** All persons are forbidden to attach any ground wire or wires to any plumbing that is or may be connected to a service connection or main belonging to the corporation; the corporation will hold the member liable for any damage to its property occasioned by such ground-wire attachments.
- 3.4.6** ***Interruptions in Service.*** The corporation shall not be liable for damage that may result from an interruption in water service from a cause beyond the control of the corporation. Temporary shutdowns may be made by the corporation to make improvements and repairs. Whenever possible and as time permits, all affected members and Eligible Persons will be notified prior to making such shutdowns. The corporation will not be liable for interruption, shortage or insufficiency of supply, or for any loss or damage occasioned thereby, if caused by accident, act of God, fire, strikes, riots, war or any other cause not within the corporation's control.
- 3.4.7** ***Ingress and Egress.*** Representatives from the corporation shall have the right of ingress and egress to the premises of any Parcel to which a membership of the corporation is appurtenant at reasonable hours for any purpose reasonably connected with the furnishing of water service. Property owners are responsible to make sure that fences allow access to the meter boxes by the meter reader and to provide protection from dogs.
- 3.4.8** ***Regulation or Limitation of Water Use.*** The Board may, from time to time, by resolution, prescribe limitations concerning use of water by the members, including provisions for equitable apportionment of water supply in the event of a water shortage, drought or government action.

3.4.9 *Meters and Service Connections.* All water service connections shall be metered. The service connection, whether located on public or private property, is the property of the corporation, and the corporation reserves the right to repair, replace and maintain the service connection, as well as to remove it upon suspension of service or forfeiture of a membership. The corporation will pay no rent or other charge for a meter or other facilities, including housing any connections located on a member's premises. The corporation will seal all meters at the time of installation and no seal shall be altered or broken except by one of its authorized employees or agents.

3.4.10 *Pressure Condition.* All members and Eligible Persons shall be required to accept such conditions of pressure and service as are provided by the water distribution system at the location of the service connection, and to hold the corporation harmless for any damages arising out of low-pressure or high-pressure conditions or interruptions in service. Pressure reducing regulators or pressure boosting pumps are the responsibility of each member.

3.5. Delivery of Water to the State or Other Public Agencies

Notwithstanding any provision herein, the corporation may sell water to the state of California, any department or agency thereof, any school district or public agency or any other mutual water company, or pursuant to any water transfer or water exchange, or during any emergency resulting from fire or other disaster involving danger of public health or safety to any person at the same rates as to memberships of the corporation. In the event that a Parcel to which any membership is appurtenant is owned or purchased by the state, any department or agency thereof, any school district or public agency, the stock shall be cancelled by the Secretary, but shall be reissued to any person later acquiring title to the Parcel from the state, department, agency or district.

3.6. No Entitlement to System

No member by virtue of ownership of a membership in the corporation shall be entitled to connect to the distribution system used by the corporation for delivery of water or to take water therefrom except with the consent of the corporation, subject to the rules and regulations of the corporation pertaining thereto, and the corporation reserves and shall have full control over all diversion, storage, treatment, distribution and measurement facilities and over all water until it shall have been actually released or delivered to a member through the service connection.

3.7. Water Connections

Water shall be delivered to each Parcel from the corporation's mains at the point of connection, which will consist of either the point where the Parcel's pipe

connects to the meter or in the case where there is no meter, the point where the Parcel's pipe connects to the valve in the corporation's pipeline. The corporation shall have a permanent and continuing easement and right of way upon and over each and every Parcel within the Service Area with respect to existing pipelines and equipment as well as for reasonable prospective additions of pipelines and equipment, for the purpose of (i) installing, operating, monitoring and maintaining the water system as required by then-current law or as necessary or convenient to improve the water system, (ii) traversing the Parcels in the Service Area via pipelines and equipment for purposes of connecting the water system to the private water lines of each Parcel at a point of connection and (iii) providing the water services to each Parcel. Such easement shall extend six feet from either side of the margins of the water system facilities. The corporation shall not be under any duty to extend its mains or to provide for the distribution of water within the boundaries of a Parcel beyond the point of connection. The location of the point of connection upon each Parcel and ongoing modifications to existing connections shall be left to the sole discretion of the corporation acting either through its Board or through its President. As a condition to the initial delivery or ongoing delivery of water to a Parcel, the member may be required to pay the corporation the cost (parts and labor) to install or change out, at the point of connection, a suitable water meter of a type and capacity specified by the corporation as well as related valves, pipes and fittings. All valves, pipes, fittings, meters and other connections and equipment necessary to permit delivery of water from existing pipelines of the corporation to the Parcel via the designated point of connection shall be installed or repaired solely by the corporation or at the direction and under the supervision of the corporation and in compliance with the Rules and Regulations.

3.8. No Connection to System

No member shall make any connection or disconnection to the water system of the corporation, or alter, modify, operate, maintain, interfere with, tamper with or otherwise take any action to physically touch or change the water system of the corporation, without prior written approval by the corporation. The corporation may seek a temporary restraining order or other injunctive relief from a court of competent jurisdiction, or may engage in self-help, to prevent a member from taking any action prohibited by this Section 3.8.

3.9. Expansion, Enlargement, Modification or Repair of System

If the Board considers and adopts a project involving any substantial maintenance, repair, replacement, enlargement, modification or expansion of the corporation's water system involving a total Project Cost (as defined below) in excess of \$1,000 per membership (a "Project"), then the following procedures shall apply:

3.9.1 The Project shall be designed adequately, using generally accepted engineering standards and in compliance with all applicable governmental regulations, its scope shall be clearly defined and, to the

extent possible, it shall be graphically portrayed in plans, drawings, photographs and other appropriate visual aids.

- 3.9.2** The costs of the Project shall be estimated with reasonable accuracy. Where possible, the Board shall obtain actual bids from contractors qualified to perform the work and where fixed cost contracts are not possible due to unforeseeable factors, the Board shall employ engineer's estimates. A reasonable contingency reserve shall be added to such budget amount. The total of the budget plus contingency reserve shall be referred to herein as the "Project Cost."
- 3.9.3** The Board shall cause notice to be given to the members of a special meeting of the members pursuant to Section 4.4, and shall include in such notice a description of the Project and the Project Cost. The notice shall be sent to each member at least thirty (30) days prior to the scheduled date of such meeting. At the meeting of members, the members shall have an opportunity to meet with the Board and its consultants concerning the Project and the Project Cost. The Project must be approved by a majority of the members voting at the special meeting, before the Board may proceed with the Project.
- 3.9.4** Upon approval of the Project by the members, the Board may levy an assessment to acquire the funds necessary to pay the Project Cost. If necessary or convenient to accomplish the Project, the Board may borrow money on behalf of the corporation to supplement any assessment or allocated Reserve Fund monies, up to the amount of the Project Cost.
- 3.9.5** Upon imposing and collecting the assessment due under Section 3.9.4 or obtaining the necessary loans permitted under Section 3.9.4, the Board shall proceed to enter into contracts to complete the Project.
- 3.9.6** All payments for work completed shall be made only after the Board's consultant or manager has thoroughly inspected the work completed and is satisfied that the work was completed according to the required specifications and the contract let for the work. After completion and full payment of the actual Project Cost, any excess shall be returned to the members in accordance with their pro rata payment of the assessment collected under Section 3.9.4 or deposited in the Reserve Fund, in the discretion of the Board. If there is any shortfall, it shall be assessed to the members as an additional assessment or borrowed pursuant to Section 3.9.4.
- 3.9.7** Notwithstanding Sections 3.9.3 and 3.9.4, a Project will not be subject to approval by the members, but may be approved by the Board, if the Project is for emergency maintenance or repairs. For purposes of this Section 3.9.7, an emergency shall exist if the maintenance or repair

project is reasonably necessary to maintain safe and reliable water service to the members. A project may be undertaken on an emergency basis to maintain fire flows, but may not be undertaken to provide water service to new connections. The determinations required under this Section 3.9.7 shall be adopted in a resolution of the Board, which shall be entitled to discretion.

3.9.8 Notwithstanding Sections 3.9.3 and 3.9.4, a Project will not be subject to approval by the members, but may be approved by the Board, if the Project is required for compliance with any law or by any order or other action of a regulatory agency, including but not limited to, the State Water Resources Control Board, the Regional Water Quality Control Board, the California Department of Fish and Wildlife, the County, the United States Environmental Protection Agency, the United States Army Corps of Engineers, the United States Fish and Wildlife Service or any successor agencies.

4. MEETINGS OF MEMBERS

4.1. Place of Meetings

Meetings of the members shall be held at the principal office of the corporation or at any other place as designated by the Board.

4.2. Annual Meeting

There shall be an annual meeting of members. The annual meeting of members shall be held at a date and time to be determined by the Board. At this meeting, the members shall consider reports of the affairs of the corporation and transact such other business as may properly be brought before the meeting.

4.3. Special Meeting

A special meeting of the members, for any purpose or purposes whatsoever, may be called at any time by the Board, the President, or by one or more members holding memberships in the aggregate entitled to cast not less than ten percent (10%) of the votes at that meeting. If a special meeting is called by any person or persons other than the Board, the request shall be in writing, specifying the time of such meeting and the general nature of the business proposed to be transacted, and shall be delivered personally or sent by registered mail or by electronic mail to the President or Secretary of the corporation. The officer receiving the request shall cause notice to be promptly given to the members entitled to vote, in accordance with the provisions of Sections 4.4 and 4.5, that a meeting will be held at the time requested by the person or persons calling the meeting, not less than thirty-five (35) nor more than sixty (60) days after the receipt of the request. If the notice is not given within twenty (20) days after receipt of the request, the person or persons requesting the meeting may give the notice to the members entitled to vote. Nothing contained in this Section 4.3 shall be construed as limiting, fixing

or affecting the time when a meeting of members called by action of the Board may be held.

4.4. Notice of Members' Meeting

All notices of meetings of members shall be sent or otherwise given in accordance with Section 4.5 not less than twenty (20) nor more than sixty (60) days before the date of the meeting. The notice shall specify the place, date and time of the meeting and (i) in the case of a special meeting, the general nature of the business to be transacted and that no other business may be transacted, or (ii) in the case of the annual meeting, those matters which the Board, at the time the notice is given, intends to present for action by the members. The notice of any meeting at which directors are to be elected shall include the name of any nominee or nominees whom, at the time of the notice, the Board intends to present for election.

If action is proposed to be taken at any meeting for approval of (i) a contract or transaction in which a director has a direct or indirect financial interest, (ii) an amendment of the Articles of Incorporation, (iii) a reorganization of the corporation, (iv) a voluntary dissolution of the corporation or (v) any matter described in California Corporations Code Sections 7222, 7224 or 8719, the notice shall also state the general nature of that proposal.

4.5. Manner of Giving Notice; Affidavit of Notice

Notice of any meeting of members shall be given personally, by electronic transmission, or by first-class mail or other means of written communication, addressed to the member at the address of that member appearing on the books of the corporation or given by the member to the corporation for the purpose of notice. Each member shall be responsible for providing a mailing address, electronic mail address and telephone number to the corporation for purposes of notice. If no address appears on the corporation's books or is given by the member to the corporation for the purpose of notice, notice shall be deemed to have been given if sent to that member by first-class mail, electronic transmission or other written communication to the corporation's principal office, or if published at least once in a newspaper of general circulation in the county where that office is located. Notice shall be deemed to have been given at the time when delivered personally or deposited in the mail or sent electronically or by other means of written communication.

If any notice addressed to a member at the address of that member appearing on the books of the corporation is returned to the corporation—either by the United States Postal Service marked to indicate that the United States Postal Service is unable to deliver the notice to the member at that address or, if notice is provided by electronic mail, by a non-delivery report/receipt, failed delivery status notification or non-delivery notification—all future notices or reports shall be deemed to have been duly given without further mailing if these shall be available to the member on written demand of the member at the principal office of the

corporation for a period of one (1) year from the date of the giving of the notice. An affidavit of mailing or other means of giving any notice of any members' meeting shall be executed by the Secretary or any transfer agent of the corporation, shall be prima facie evidence of the giving of the notice, and shall be filed and maintained in the minute book of the corporation.

4.6. Waiver of Notice or Consent by Member

The transactions of any meeting of members, either annual or special, however called and noticed, and wherever held, shall be as valid as though conducted at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy, and if, either before or after the meeting, each person entitled to vote, who was not present in person or by proxy, signs a written waiver of notice or consent to the holding of the meeting, or an approval of the minutes thereof in writing. The waiver of notice, consent to the holding of the meeting or approval of the minutes thereof need not specify either the business to be transacted or the purpose of any annual or special meeting of members, except that if action is taken or proposed to be taken for approval of any of those matters specified in the second paragraph of Section 4.4, the waiver of notice or consent shall state the general nature of the proposal. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Attendance by a person at a meeting shall also constitute a waiver of notice of that meeting; unless the person objects, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened, and except that attendance at a meeting is not a waiver of any right to object to the consideration of matters required by the California Corporations Code to be included in the notice but not so included if the objection is made at the meeting.

4.7. Membership Action By Written Ballot

Unless otherwise prohibited in the Articles of Incorporation or Bylaws, any action which may be taken at any regular or special meeting of the members may be taken without a meeting if the corporation distributes a written ballot to every member entitled to vote on the matter. If approved by the Board, the ballot and any related material may be sent by electronic transmission by the corporation, and responses may be returned to the corporation by electronic transmission. The ballot shall set forth the proposed action, provide an opportunity to specify approval or disapproval of any proposal, and provide a reasonable time within which to return the ballot to the corporation. A ballot may be returned at a regular or special meeting of the members held within the ballot return time frame.

Approval by written ballot shall be valid only when the number of votes cast by ballot within the time period specified equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals

or exceeds the number of votes that would be required to approve at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. All ballot solicitations shall indicate the number of responses needed to meet the quorum requirement, and with respect to ballots other than for the election of directors, shall state the percentage of approvals necessary to pass the proposal submitted. The solicitation must specify the time by which the ballot must be received in order to be counted. A written ballot may not be revoked.

Directors may be elected by written ballot. When directors are to be elected by written ballot and the board adopts a nomination procedure, the procedure may provide for a date for the close of nominations prior to the printing and distributing of the written ballots.

4.8. Membership Action by Written Consent

Any action required or permitted to be taken by the members may be taken without a meeting, if all members consent in writing to the action. The written consent or consents shall be filed with the minutes of the proceedings of the members. The action by written consent shall have the same force and effect as the unanimous vote of the members.

4.9. Membership Action at a Meeting

The holders of one-third (1/3) of the memberships entitled to vote, present in person or represented by proxy, shall be requisite and shall constitute a quorum at all meetings of the members for the transaction of business except as otherwise provided by law, by the Articles of Incorporation, or by these Bylaws as they may be amended from time to time. The affirmative vote of a majority of the memberships represented at a duly held meeting at which a quorum is present (which memberships voting affirmatively also constitute at least a majority of the required quorum) shall be the act of the members (unless a greater number of votes is required by the California Nonprofit Mutual Benefit Corporation Law or by the Articles or other Sections of these Bylaws, as they may be amended from time to time).

In the absence of a quorum present or represented by proxy at any meeting of the members, a vote of the majority of memberships represented either in person or by proxy shall have power to adjourn the meeting from time to time until the requisite amount of voting memberships shall be present. At such adjourned meeting at which the requisite amount of voting memberships shall be represented, any business may be transacted which might have been transacted at the meeting as originally notified.

Notwithstanding any of the above, the members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment notwithstanding the withdrawal of enough members to leave less

than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the memberships required to constitute a quorum.

4.10. Notice of Adjourned Meetings

When any meeting of members, either annual or special, is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place are announced at a meeting at which the adjournment is taken, unless a new record date for the adjourned meeting is fixed, or unless the adjournment is for more than forty-five (45) days from the date set forth the original meeting, in which case the Board shall set a new record date. Notice of any such adjourned meeting shall be given to each member of record entitled to vote at the adjourned meeting in accordance with the provisions of Sections 4.4 and 4.5. At any adjourned meeting, the corporation may transact any business that might have been transacted at the original meeting.

4.11. Voting Procedures

The members entitled to vote at any meeting of members shall be determined in accordance with Section 2.3. Each membership shall be entitled to cast one vote on each matter submitted to a vote of the members, except as otherwise provided in the Articles of Incorporation or Bylaws. The members' vote may be by voice vote, show of hands or ballot; provided, that any election for directors must be by ballot if demanded by any member before the voting begins. If a quorum is present, except with respect to election of directors, the affirmative vote of the majority of memberships represented at the meeting and entitled to vote on any matter shall be the act of the members, unless approval by a greater number of memberships is required by the California Corporations Code or the Articles of Incorporation or other provisions of these Bylaws, as they may be amended from time to time.

In any election of directors, candidates receiving the highest number of affirmative votes of the memberships entitled to be voted for them up to the numbers of directors to be elected by such memberships are elected; votes against the directors and votes withheld shall have no legal effect. There shall not be cumulative voting for directors.

4.12. Proxies

Every member entitled to vote for directors or on any other matter shall have the right to do so either in person or by one or more agents authorized by a written proxy signed by the member and filed with the Secretary of the corporation. A proxy shall be deemed signed if the member's name is placed on the proxy (whether by manual signature, typewriting, electronic transmission or otherwise) by the member or the member's attorney in fact. A validly executed proxy shall continue in full force and effect unless (i) revoked by the person executing it, before the vote pursuant to that proxy, by a writing delivered to the corporation

stating that the proxy is revoked, or by a subsequent proxy executed by, or attendance at a meeting and voting in person by, the person executing the proxy; or (ii) written notice of the death or incapacity of the maker of that proxy is received by the corporation before the vote pursuant to that proxy is counted; provided, however, that no proxy shall be valid after the expiration of eleven (11) months from the date of the proxy, unless otherwise provided in the proxy, except that the maximum term of a proxy shall be three (3) years from the date of execution. A proxy may not be irrevocable. The revocability of a proxy that states on its face that it is irrevocable shall be governed by the provisions of Section 7613 of the California Corporations Code.

In any election of directors, any form of proxy in which the directors to be voted upon are named therein as candidates and which is marked by a member “withhold” or otherwise marked in a manner indicating that the authority to vote for the election of directors is withheld shall not be voted for the election of a director.

4.13. Management Proxies

Corporate funds and resources may be used by management to solicit proxies to conduct ordinary corporate business. Subject to the restrictions set forth in Section 4.12, all proxies solicited and received by management shall be voted as follows. The aggregate number of memberships to be voted by management proxy shall be divided amongst the directors present at the membership meeting, and each director shall vote the respective number of memberships allocated to such director on behalf of management.

4.14. Record Date

The record date for purposes of determining the members entitled to notice of any meeting, to vote, or to exercise any other rights in respect of any lawful action shall be determined in accordance with Sections 12.1 and 12.2. A person holding a membership as of the close of business on the record date shall be a member of record.

5. DIRECTORS

5.1. Powers

Subject to the provisions of the California Nonprofit Mutual Benefit Corporation Law and any limitations in the Articles of Incorporation and these Bylaws relating to action required to be approved by the outstanding memberships, 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. The Board may delegate the management of the day-to-day operation of the business of the corporation to a management corporation or other person, provided that the business and affairs of the corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board.

Without prejudice to these general powers, and subject to the same limitations, the directors shall have the power to:

- 5.1.1** Appoint and remove all officers, agents and employees of the corporation; prescribe any powers and duties for them that are consistent with law, with the Articles of Incorporation, and with these Bylaws; fix their compensation.
- 5.1.2** Conduct, manage and control the affairs and business of the corporation, and make such rules and regulations not inconsistent with the law or with the Articles of Incorporation or these Bylaws, as they may deem best.
- 5.1.3** Enforce and carry out the provisions of the Articles of Incorporation, Bylaws, rules and regulations and other agreements.
- 5.1.4** Adopt, make and use a corporate seal; prescribe the forms of certificates of memberships; and alter the form of the seal and certificates.
- 5.1.5** Change the principal office for the transaction of business of the corporation from one location to another, and to designate any place within the State of California for the holding of members' meetings.
- 5.1.6** Delegate its powers to committees, officers, employees or volunteers of the corporation as expressly authorized in the Articles of Incorporation and these Bylaws.
- 5.1.7** Fill vacancies on the Board except for a vacancy created by the removal of a director as provided in Section 5.8.
- 5.1.8** Employ for the corporation a management agent at a compensation established by the Board to perform such duties and services as the Board shall authorize.
- 5.1.9** Contract and pay for the maintenance, utilities, materials and supplies, and other goods and services, including but not limited to legal, consulting, engineering and educational services, necessary for the operation of the water system, equipment and facilities owned or managed by the corporation, subject to the limitations of Section 5.2.
- 5.1.10** Enter onto any member's property within the corporation's Service Area when necessary in connection with maintenance or construction of the facilities owned or maintained by the corporation.
- 5.1.11** Establish policies to promote the efficient use of water by members.

- 5.1.12** Establish restrictions on water use by members, as necessary to ensure an adequate supply of water for all members or to comply with any law, regulation or order of a court or agency of competent jurisdiction.
- 5.1.13** Prepare budgets and financial statements as described in Section 8.2.
- 5.1.14** Levy assessments as provided in these Bylaws.
- 5.1.15** Borrow money and incur indebtedness for the purposes of the corporation, and to cause to be executed and delivered in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations or other evidences of debt and securities.
- 5.1.16** Pay taxes and special assessments that are or would become a lien upon the facilities owned by the corporation.
- 5.1.17** Impose member discipline for nonpayment of assessments, rates or charges or other breaches of these Bylaws or the corporation's published rules and regulations, pursuant to the process set forth in Section 12.3.
- 5.1.18** Set compensation for directors or officers, which may include, but is not limited to, discounted rates and charges for water service from the corporation.
- 5.1.19** Pay for reconstruction of any portion or portions of the facilities owned or managed by the corporation that are damaged or destroyed.
- 5.1.20** Contract and pay for fire, casualty, liability, errors and omissions and other insurance insuring the business of the corporation and the facilities owned or managed by the corporation.

5.2. Limitation of Authority

The Board shall be prohibited from taking any of the following actions, except with the vote or written assent of a majority of the outstanding memberships entitled to vote:

- 5.2.1** Selling any property of the corporation having an aggregate fair market value greater than \$1,000 per membership.
- 5.2.2** Filling a vacancy on the Board created by the removal of a director.

5.3. Other Duties

In addition to other duties imposed by these Bylaws or by resolutions of the Board, the Board shall be responsible:

- 5.3.1** To provide for the care, upkeep and surveillance of the facilities owned or maintained by the corporation;
- 5.3.2** To provide for the maintenance, investment and security of all funds of the corporation, including all Reserve Funds; and
- 5.3.3** To hire, supervise and dismiss the personnel necessary for the corporation's maintenance and operation of its facilities.

5.4. Performance of Duties by Director

- 5.4.1** A director shall perform the duties of a director, including duties as a member of any committee of the board upon which the director may serve, in good faith, in a manner such director believes to be in the best interests of the corporation and its members and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.
- 5.4.2** In performing the duties of a director, a director shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by any of the following:
 - (1) One or more officers or employees of the corporation whom the director believes to be reliable and competent in the matters presented;
 - (2) Legal counsel, independent accountants, engineers or other persons as to matters which the director believes to be within such person's professional or expert competence; and
 - (3) A committee of the board upon which the director does not serve, as to matters within its designated authority, which committee the director believes to merit confidence, so long as, in any such case, the director acts in good faith, after reasonable inquiry when the need therefor is indicated by the circumstances, and without knowledge that would cause such reliance to be unwarranted.
- 5.4.3** A person who performs the duties of a director in accordance with this Section 5.4 shall have no liability based upon any alleged failure to discharge the person's obligations as a director.

5.5. Number of Directors

The authorized number of directors shall be five (5) until changed by a duly adopted amendment to the Articles of Incorporation or by an amendment to these Bylaws adopted by the vote or written consent of holders of a majority of the

outstanding memberships entitled to vote. No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

5.6. Election and Term of Office of Directors

Directors shall be elected to staggered terms of two (2) years, with three (3) directors elected in each even-numbered year and two (2) directors elected in each odd-numbered year. Voting shall be conducted by written ballot prior to each annual meeting of the members, and the Board may establish further process for annual elections by resolution. Each director, including a director elected to fill a vacancy, shall hold office until the expiration of the term for which elected and until a successor has been elected and qualified.

5.7. Vacancies

Vacancies in the Board may be filled by a majority of the remaining directors, though less than a quorum, or by a sole remaining director, except that a vacancy created by the removal of a director by the vote or written consent of the members or by a court order may be filled only by the vote of a majority of the memberships entitled to vote represented by written ballot, at a duly held meeting at which a quorum is present, or by the written consent of holders of a majority of the outstanding memberships entitled to vote. Each director so elected shall hold office until the next annual meeting of the members and until a successor has been elected and qualified.

A vacancy or vacancies in the Board shall be deemed to exist upon the occurrence of any of the following events: (a) the death, resignation or removal of any director; (b) the Board by resolution declares vacant the office of a director who has been declared of unsound mind by an order of court or convicted of a felony; (c) if the authorized number of directors is increased; or (d) if the members fail, at any meeting of members at which any director or directors are elected, to elect the number of directors to be voted for at that meeting.

The members may elect a director or directors at any time to fill any vacancy or vacancies not filled by the directors, but any such election by written consent shall require the consent of a majority of the outstanding memberships entitled to vote.

Any director may resign effective on giving written notice to the President, the Secretary or the Board, unless the notice specifies a later time for that resignation to become effective. If the resignation of a director is effective at a future time, the Board may elect a successor to take office when the resignation becomes effective. Except on notice to the Attorney General of California, no director may resign if the corporation would be left without a duly elected director or directors.

5.8. Removal of Directors by Members

At any regular or special meeting of members, duly called, any one or more of the directors may be removed with or without cause by a majority of the members represented and voting at the meeting, and a successor may then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by a member shall be given an opportunity to be heard at the meeting.

5.9. Committees of Directors

The Board may, by resolution adopted by a majority of the authorized number of directors, designate one or more committees, each consisting of two or more directors to serve at the pleasure of the Board, in accordance with California Corporations Code Section 7212, as amended from time to time. The Board may designate one or more directors as alternate members of any committee, who may replace any absent member at any meeting of the committee. Any committee, to the extent provided in the resolution of the Board, shall have all the authority of the Board, except with respect to:

- 5.9.1** The approval of any action which, under the Nonprofit Mutual Benefit Corporation Law of California, also requires approval by the members or outstanding memberships;
- 5.9.2** The filling of vacancies on the Board or on any committee;
- 5.9.3** The amendment or repeal of Bylaws or the adoption of new Bylaws;
- 5.9.4** The amendment or repeal of any resolution of the Board which by its express terms is not amendable or repealable;
- 5.9.5** The appointment of any other committees of the Board or the members of those committees.

The Board shall have the power to prescribe the manner in which proceedings of any such committee shall be conducted. In the absence of any such prescription, the committee shall have the power to prescribe the manner in which its proceedings shall be conducted. Minutes shall be kept of each meeting of each committee.

5.10. Place of Meetings and Meetings by Telephone

Regular meetings of the Board may be held at any place within the State of California that has been designated from time to time by resolution of the Board. In the absence of such a designation, regular meetings shall be held at the principal office of the corporation. Special meetings of the Board shall be held at any place within the State of California that has been designated in the notice of the meeting or, if not stated in the notice or there is no notice, at the principal office of the corporation. Any meeting, regular or special, may be held by

telephone conference or similar communication equipment, so long as (i) all directors participating in the meeting can hear one another and any members speaking on matters before the Board, and (ii) the notice of such meeting identifies at least one physical location so that members may attend and at least one member of the Board or a person designated by the Board shall be present at that location. All directors attending in such manner shall be deemed to be present in person at the meeting.

5.11. Regular Meetings

Regular meetings of the Board shall be held at such times and places to be determined by the Board, without call or notice.

5.12. Special Meetings

Special meetings of the Board for any purpose or purposes may be called at any time by the President or the Secretary or any two directors. Notice of the time and place of special meetings shall be delivered personally, by telephone (including a voice messaging system or other system designed to record and communicate messages), facsimile, electronic mail or other electronic means to each director or sent by first-class mail, charges prepaid, addressed to each director at that director's address as it is shown on the records of the corporation. In case the notice is mailed, it shall be deposited in the United States mail at least four (4) days before the time of the holding of the meeting. In case the notice is delivered personally, or by telephone (including a voice messaging system or other system designed to record and communicate messages, facsimile, electronic mail or other electronic means), it shall be delivered in such manner at least forty-eight (48) hours before the time of the holding of the meeting. Any oral notice given personally or by telephone (including the above-reference electronic means) may be communicated either to the director or to a person at the office of the director who the person giving the notice has reason to believe will promptly communicate it to the director. The notice need not specify the purpose of the meeting, or the place if the meeting is to be held at the principal office of the corporation.

5.13. Waiver of Notice

Notice of a meeting need not be given to any director who signs a waiver of notice or a consent to holding the meeting or an approval of the minutes, whether before or after the meeting, or who attends the meeting without protesting the lack of notice prior to the beginning of the meeting. All such waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. The transactions of any meetings of the Board, however called and noticed or wherever held, shall be as valid as if a quorum is present where such absent directors sign such a waiver, consent, or approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting.

5.14. Quorum

A majority of the authorized number of directors shall constitute a quorum of the Board for the transaction of business, with the exception of adjournment as provided in Section 5.15. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board, unless a greater number, or the same number after disqualifying one or more directors from voting, is required by law, by the Articles of Incorporation, or by these Bylaws, and subject to the provisions of the California Corporations Code as to approval of contracts or transactions in which a director has a direct or indirect material financial interest, as to appointment of committees and as to indemnification of directors. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting. Each director shall have one vote on each matter presented to the Board for action. No director may vote by proxy.

5.15. Adjournment; Notice of Adjournment

A majority of the directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place. If the meeting is adjourned for more than twenty-four (24) hours, notice of any adjournment to another time or place shall be given prior to the time of the adjourned meeting to the directors who were not present at the time of the adjournment.

5.16. Action Without Meeting

Except as otherwise prohibited by the Mutual Water Company Open Meeting Act, Corporations Code Section 14305, any action required or permitted to be taken by the Board may be taken without a meeting, if all directors shall individually or collectively consent in writing to that action. Such action by written consent shall have the same force and effect as a unanimous vote of the Board. Such written consent or consents shall be filed with the minutes of the proceedings of the Board.

5.17. Mutual Water Company Open Meeting Act

The Board shall adopt and maintain policies by resolution concerning compliance with the Mutual Water Company Open Meeting Act, California Corporations Code Section 14305, as the same may be amended from time to time. The resolution shall be made available in a timely manner to any member or Eligible Person upon request in writing.

5.18. Director Training

Each director shall comply with the training requirements of California Health and Safety Code Section 116755(a), as the same may be amended from time to time.

6. OFFICERS

6.1. Officers

The officers of the corporation shall be a President, a Secretary and a Treasurer. The corporation may also have, at the discretion of the Board, such other officers as may be appointed in accordance with the provisions of the California Corporations Code. Any number of offices may be held by the same person.

6.2. Election of Officers

The officers of the corporation, except such officers as may be appointed in accordance with the provisions of Sections 6.3 or 6.5, shall be chosen by the Board, and each shall serve at the pleasure of the Board, subject to the rights, if any, of an officer under any contract of employment.

6.3. Subordinate Officers

The Board may appoint, and may empower the President to appoint, such other officers as the business of the corporation may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in the Bylaws or as the Board may from time to time determine.

6.4. Removal and Resignation of Officers

Subject to the rights, if any, of an officer under any contract of employment, any officer may be removed, either with or without cause, by the Board, at any regular or special meeting of the Board, or, except in case of an officer chosen by the Board, by any officer upon whom such power of removal may be conferred by the Board. Any officer may resign at any time by giving written notice to the corporation. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice; and, unless otherwise specified in that notice, the acceptance of the resignation shall not prejudice the rights, if any, of the corporation under any contract to which the officer is a party.

6.5. Vacancies in Offices

A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in these Bylaws for regular appointments to that office.

6.6. President

The President shall be the chief executive officer and general manager of the corporation and shall, subject to the control of the Board, have general supervision, direction and control of the business and the officers of the corporation. The President shall preside at all meetings of the members and at all meetings of the Board. The President shall have the general powers and duties of

management usually vested in the office of president of a corporation and chairman of a board of directors, and shall have such other powers and duties as may be prescribed by the Board or the Bylaws. The President shall have the authority to appoint all Board committees.

6.7. Secretary

The Secretary shall keep or cause to be kept, at the principal office or such other place as the Board may direct, a book of minutes of all meetings and actions of directors, committees of directors and members, with the time and place of holding, whether regular or special, and, if special, how authorized, the notice given, the names and numbers of those present or represented at members' meetings and the proceedings. A copy of the Articles of Incorporation and Bylaws, as amended, shall also be kept with the minutes of the corporation. The Secretary shall prepare and keep or cause to be prepared and kept all records, documents, notices and reports, including but not limited to member meeting agendas, records reporting the results of water quality tests, any annual report distributed to the members or any other documentation required to be prepared or kept by the Corporations Code.

The Secretary shall keep, or cause to be kept, at the principal office or at the office of the corporation's transfer agent or registrar, as determined by resolution of the Board, a membership register, or a duplicate membership register, showing the names of all members, their addresses, the number of memberships held by each, the number and date of certificates issued for the same, including Parcel appurtenancy information for each membership, and the number and date of cancellation of every certificate surrendered for cancellation.

The Secretary shall give, or cause to be given, notice of all meetings of the members and of the Board required by the Bylaws or by law to be given. The Secretary shall manage all member discipline procedures and notices. The Secretary shall keep the seal of the corporation if one be adopted, in a safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board or by the Bylaws. The Secretary may perform the tasks set forth in this Section 6.7 personally or through delegation to another qualified person in his or her discretion.

6.8. Treasurer

The Treasurer of the corporation shall prepare and maintain, or cause to be prepared and maintained, adequate and correct books and records of accounts of the financial and business transactions of the corporation, including the annual budget (including the Operating Budget and the Repair and Maintenance Budget), the annual report, any accounting review or report, Reserve Fund accounts, accounts of corporate assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and membership assessments, rates and charges. The Treasurer shall send or cause to be given to the members and directors such

financial statements and reports as are required to be given by law, by these Bylaws, or by the Board. The books of account shall at all reasonable times be open to inspection by any director. The Treasurer shall collect all assessments, rates, charges, surcharges and fees and manage all payment delinquency processes and member discipline fines, penalties and monies due thereunder.

The Treasurer shall deposit all monies and other valuables in the name and to the credit of the corporation with such depositories as may be designated by the Board. The Treasurer shall disburse the funds of the corporation as may be ordered by the Board, shall render to the President and directors, whenever they request it, an account of all of the transactions of the Treasurer and of the financial condition of the corporation, and shall have other powers and perform such other duties as may be prescribed by the Board or the Bylaws. The Treasurer may perform the tasks set forth in this Section 6.8 personally or through delegation to another qualified person in his or her discretion.

7. INDEMNIFICATION

The corporation shall have the power, to the maximum extent permitted by the California Nonprofit Mutual Benefit Corporations Law, to indemnify each of its directors, officers, employees, volunteers and other agents against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with any proceeding arising by reason of the fact that any such person is or was an agent of the corporation. For purposes of this Section, an “agent” of the corporation includes any person who is or was a director, officer, employee, volunteer or other agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee, volunteer or agent of another corporation, partnership, joint venture, trust, or other enterprise, or was a director, officer, employee, volunteer or agent of a corporation which was a predecessor corporation of the corporation or of another enterprise at the request of such predecessor corporation.

On written request to the Board by any person seeking indemnification under Section 7237(b) or Section 7237(c) of the California Corporations Code, the Board shall promptly determine under Section 7237(e) of the California Corporations Code whether the applicable standard of conduct set forth in Section 7237(b) or Section 7237(c) has been met, and, if so, the Board may authorize indemnification. If the Board cannot authorize indemnification because the number of directors who are parties to the proceedings with respect to which indemnification is sought prevents the formation of a quorum of directors who are not parties to that proceeding, the Board shall promptly call a meeting of members. At that meeting, the members shall determine under Section 7237(e) whether the applicable standard of conduct set forth in Section 7237(b) or Section 7237(c) has been met and, if so, the members present at the meeting in person or proxy may authorize indemnification.

8. FINANCIAL MANAGEMENT

8.1. Fiscal Year

The fiscal year of the Corporation shall be July 1 to June 30 unless a different fiscal year is adopted by the members at a duly constituted meeting.

8.2. Reserve Fund

The corporation shall create and maintain a financial reserve fund designated for repairs and replacements to the water system's water diversion, production, storage, treatment, transmission and distribution facilities which is required by law to be at a level sufficient for continuous operation of facilities in compliance with the federal Safe Drinking Water Act (42 U.S.C. Sections 300f *et seq.*) and the California Safe Drinking Water Act (Chapter 4 (commencing with Section 116270) of Part 12 of Division 104 of the Health and Safety Code (referred to in these Bylaws as the "Reserve Fund").

8.3. Budget

Each year, the Board shall prepare an annual budget for the ensuing fiscal year. Prior to the beginning of the corporation's fiscal year, the budget shall be prepared and subsequently adopted by the Board in an open meeting pursuant to the requirements of California Corporations Code Section 14306. The annual budget shall also be presented at the annual members meeting. The budget shall contain the following information:

- 8.3.1** A general estimate of the anticipated revenue and expenses of the corporation during the upcoming fiscal year;
- 8.3.2** A statement of the anticipated assets and liabilities of the corporation at the beginning and end of the upcoming fiscal year;
- 8.3.3** A statement of the anticipated amount of cash available in the Reserve Fund at the beginning and end of the upcoming fiscal year;
- 8.3.4** An operating budget ("Operating Budget") containing estimates of all anticipated administrative costs, routine operating expenses of a recurring nature, and all other anticipated costs of supplying water to members and Eligible Persons in the ensuing fiscal year not specifically required to be in the Repair and Maintenance Budget; and
- 8.3.5** A repair and maintenance budget ("Repair and Maintenance Budget") containing all expenses anticipated to be incurred for the repair, maintenance and improvement of the corporation's water system and facilities during the ensuing fiscal year. Such Repair and Maintenance Budget shall also include a reasonable contribution of monies to the Reserve Fund.

8.4. Revenues

The Board shall raise funds for operation of the corporation through the levying of assessments, setting of rates and charges or other means, at a level sufficient to generate revenues in amounts at least equal to the Operating Budget plus the Repair and Maintenance Budget, and collect all assessments, rates and charges from the members.

8.5. Financial Reports

Subject to California Corporations Code Section 8321(c), which provides that the following shall not apply to any corporation which receives less than ten thousand dollars (\$10,000) in gross revenues or receipts during the fiscal year, the Board shall regularly have prepared and distributed to the members within 105 days after the close of the fiscal year an annual report. The Board will notify each member of the member's right to receive such financial report and upon written request of a member, the Board shall promptly cause the most recent annual report to be sent to the member. Subject to approval by the Board, such report and any accompanying material may be sent by electronic transmission. The annual report will consist of the following:

- 8.5.1** A balance sheet as of the end of that fiscal year and an income statement and a statement of cash flows for that fiscal year;
- 8.5.2** A statement of the place where the names and addresses of the current members of the corporation are located;
- 8.5.3** The report shall be accompanied by any report thereon of independent accountants, or, if there is no report, the certificate of an authorized officer of the corporation that the statements were prepared without audit from the books and records of the corporation; and
- 8.5.4** Any information required to be reported under Section 8322 of the California Corporations Code (Annual Statement of Transactions with Interested Persons and of Indemnification).

In addition to the foregoing financial statements, if such statements are required, the Board shall annually distribute within sixty (60) days prior to the beginning of the fiscal year, a statement of the corporation's policies and practices in enforcing its remedies against members for defaults in the payments of assessments, rates and charges.

8.6. Annual Financial Review

The Board shall contract with a certified public accountant or public accountant to conduct an annual review of the financial records and reports of the mutual water company. The review shall be subject to generally accepted accounting standards.

Eligible persons (as defined in the Corporations Code Section 14305(o)) may request a copy of the report, upon payment of the cost of providing the report.

8.7. Checks, Drafts, and Evidences of Indebtedness

All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the corporation, shall be signed or endorsed by such person or persons and in such manner as, from time to time, shall be determined by resolution of the Board.

8.8. Members' Interest

The corporation shall only retain funds in excess of those needed to meet current losses and operating expenses to the extent reasonably necessary to meet future costs and expenses as determined by the Reserve Fund process. Upon dissolution, members shall have a right to an interest in the Reserve Fund monies, assets of the corporation and other proceeds in accordance with their respective rights therein based on their memberships. As provided in Corporations Code Section 8717(b), upon dissolution, the Reserve Fund monies, assets of the corporation and other proceeds will be distributed among the members in accordance with their respective rights therein based on their memberships insofar as is practicable after paying or providing for the payment of all debts of the corporation. The corporation shall maintain books and records to determine each member's rights and interests in the corporation's retained funds and proceeds upon dissolution.

9. ASSESSMENTS

9.1. Authority to Levy Assessments

The Board of this corporation is hereby granted the power and authority to levy and collect, from time to time, as in its discretion it may deem advisable, assessments upon all of the memberships of the corporation at any time issued and outstanding, and shall have all the authority, rights and privileges with reference to such assessments as are provided by law with respect to corporations the directors of which have such power of assessment.

9.2. Levy Resolution

Every levy of an assessment shall be made by resolution of the Board and shall:

- 9.2.1** Specify the amount thereof and to whom and where it is payable;
- 9.2.2** Fix a date on which the assessment is payable; and
- 9.2.3** Fix a date, not less than thirty (30) nor more than sixty (60) days from the date on which the assessment is payable, on which such assessment becomes delinquent if not paid.

9.3. Notice of Assessment

On or before the date an assessment is payable, the Secretary of the corporation shall give notice thereof in substantially the following form to all members:

“Notice is hereby given that the Board of Directors on _____ (date) has levied an assessment of \$ _____ per membership upon the memberships of the corporation payable to _____ (to whom and where) on _____ (date). Any memberships upon which this assessment remains unpaid on _____ (date fixed) will be delinquent. Unless payment is made prior to delinquency, the said memberships or as many of them as may be necessary, will be forfeited to the corporation. _____ (Name of Secretary with location of office)”

The notice of assessment shall be served personally upon each holder of record of memberships assessed; provided, however, that in lieu of personal service the notice may be mailed to each such member, addressed to the last address of the member appearing on the books of the corporation or given by the member to the corporation for the purpose of notice, or if no such address appears or is given, at the place where the principal office of the corporation is located, and published once in some newspaper of general circulation in the county in which the principal office of the corporation is located.

9.4. Lien

The corporation shall have a lien on its memberships for all assessments levied thereon. Any assessment shall constitute a lien upon memberships of the corporation from the date the Board adopts the resolution levying the assessment. An assessment shall be considered an obligation arising out of the ownership of an interest in real property, and a member may not avoid liability for an assessment by resigning from membership, except upon the approval of the Board in its discretion pursuant to Section 2.6.

9.5. Delinquent Assessments

Should any member allow the payment of any assessment, or any installment of such assessment, to become delinquent, the corporation shall have the following remedies, each of which may be imposed by the Board in its discretion, and none of which shall be exclusive. The remedies set forth in Sections 9.5.1 through 9.5.5 shall be imposed by the Board pursuant to the process set forth in Section 12.3.

9.5.1 The corporation may refuse to transfer such membership on its books.

9.5.2 The corporation may deny such membership the right to vote.

9.5.3 The corporation may suspend water service to such delinquent member and refuse to deliver any further water to such member, either to the Parcel to which the delinquent membership is appurtenant or to any other Parcel owned or leased by the delinquent member within the

Service Area. Once suspended, water service will not be restored to the member until all delinquent assessments, rates and charges have been fully paid, plus a penalty of five percent (5%) of the amount of any delinquent assessments, rates and charges, plus any costs and expenses, including any attorney fees, incurred by the corporation in attempting to collect or enforce the assessments, rates or charges, plus a reconnection fee that may be adopted by the Board.

9.5.4 The corporation may cause the delinquent membership to be forfeited to the corporation.

9.5.5 The corporation may file and record a notice of lien against any real property owned by the member within the Service Area and to which memberships of the corporation are appurtenant. The corporation shall follow the process for member discipline set forth in Section 12.3, except that the corporation shall provide at least twenty (20) days notice to the delinquent member prior to recording a notice of lien with the recorder of the county in which the property is located. Once a lien has been recorded, the corporation will not record a release of the lien until all delinquent assessments, rates and charges have been fully paid, plus a penalty of five percent (5%) of the amount of any delinquent assessments, rates and charges, plus any costs and expenses, including any attorney fees, incurred by the corporation in attempting to collect or enforce the assessments, rates or charges.

9.6. Treatment of Forfeited Shares

If the membership of a delinquent shareholder has been forfeited to the corporation in the manner provided in Sections 9.5.4 and 12.3, the corporation shall hold such membership; provided, that such membership shall not be voted by the corporation. The Board at any time may reissue such membership to the record owner of the Parcel to which it was previously appurtenant, provided that the owner pays to the corporation the following amounts:

9.6.1 Assessments due the corporation on the date of forfeiture, together with a penalty of ten percent (10%) of the amount thereof, together with any costs and expenses, including attorney fees, incurred by the corporation in attempting to collect or enforce the assessments which were delinquent at the time of forfeiture;

9.6.2 All assessments, rates and charges that could have been charged to the owner of such Parcel, had such membership not been forfeited to the corporation at the forfeiture proceeding, from the date of forfeiture to the date of the reissuance of such membership to the record owner of such Parcel; and

- 9.6.3** All costs and expenses, including attorney fees and fees paid to the California Department of Corporations or recording fees for a permit to reissue such membership incurred by the corporation in reissuing the membership in the manner provided herein.

10. RATES AND CHARGES

10.1. Authority to Establish and Set Rates and Charges

The Board is authorized to establish and set rates and charges for water services furnished hereunder, including standby charges, fixed service fees, volumetric charges for water services, connection and reconnection fees, surcharges and rates or charges that are structured to incentivize efficient use of water resources. The Board may establish rates and charges from time to time in its discretion, and must review such rates and charges at least once per year, at the same time as adopting an Operating Budget and Repair and Maintenance Budget. The Board shall set rates and charges that bear a reasonable relationship to the total cost of furnishing water service to the members of the corporation. Such rates and charges will not discriminate between similarly situated members of the corporation.

10.2. Collection of Rates and Charges

At the time of establishing rates and charges, the Board shall establish a schedule for reading water meters and for calculating and billing such rates and charges to the members. Each bill sent to members for rates and charges shall:

- 10.2.1** Specify the amount thereof in reasonable detail and to whom and where it is payable;
- 10.2.2** Fix a date on which the rates and charges are payable, or specify that the bill is payable upon receipt;
- 10.2.3** Fix a date, not less than fifteen (15) nor more than forty-five (45) days from the date on which the rates and charges are payable, on which such rates and charges become delinquent if not paid.

10.3. Delinquent Rates and Charges

Should any member allow the payment of any rates or charges, or any installment of such rates or charges, to become delinquent, the corporation shall have the remedies set forth in Section 9.5, pursuant to the process set forth in Section 12.3. The Board may impose one or more of those remedies in its discretion, and none of those remedies shall be exclusive. In addition, the corporation may file a personal action against the member in any court of competent jurisdiction. If the corporation is the prevailing party in such action, the corporation shall be entitled to recovery of any costs and expenses, including attorney fees, incurred in prosecuting such action.

11. RECORDS AND REPORTS

11.1. Maintenance and Inspection of Bylaws

The corporation shall keep at its principal office in this state the original or a copy of the Bylaws as amended to date, which shall be open to inspection by the members at all reasonable times during office hours.

11.2. Inspection of Corporate Records

The accounting books and records, the minutes of proceedings of the members and the Board and committees of the Board of this corporation shall be kept at such place or places designated by the Board, or, in the absence of such designation, at the principal office of the corporation. The minutes shall be kept in written form and the accounting books and records shall be kept either in written form or in any form capable of being converted into written form. The minutes and accounting records shall be open to inspection upon the written demand of the corporation of any member or holder of a voting trust certificate at any reasonable time during usual business hours, for a purpose reasonably related to such holder's interest as a member. Such inspection by a member may be made in person or by an agent or attorney, and the right of inspection includes the right to copy and make extracts, at the sole cost of the inspecting member.

11.3. Maintenance and Inspection of Membership Registers

The corporation shall keep at its principal office, or at the office of its transfer agent or registrar, if either be appointed and as determined by resolution of the Board, a record of its members, giving the names and addresses of all members and the number of memberships held by each member.

Any member may do either or both of the following for a purpose reasonably related to the member's interest as a member:

11.3.1 Inspect and copy the records of members' names, addresses and voting rights during usual business hours on five (5) days prior written demand on the corporation, which demand must state the purpose for which the inspection rights are requested; or

11.3.2 Obtain from the Secretary of the corporation, on written demand and tender of a reasonable charge, a list of names, addresses and voting rights of members who are entitled to vote for the election of directors as of the most recent record date for which that list has been compiled, or as of the date, after the date of demand, specified by the member. The demand shall state the purpose for which the list is requested. The Secretary shall make this list available to the member on or before the later of ten (10) days after (i) the demand is received or (ii) the date specified in the demand as the date as of which the list is to be compiled.

The corporation may, within five (5) or ten (10) days, as applicable, after receiving a demand under this Section 11.3, make a written offer of an alternative method of reasonable and timely achievement of the proper purpose specified in the demand without providing access to or a copy of the membership list. Any rejection of this offer must be in writing and must state the reasons that the proposed alternative does not meet the proper purpose of the demand.

If the corporation reasonably believes that the information will be used for a purpose other than one reasonably related to a person's interest as a member, or if it provides a reasonable alternative under this Section 11.3, it may deny the member access to the membership list.

Any inspection and copying under this Section 11.3 may be made in person or by the member's agent or attorney. The right of inspection includes the right to copy and make extracts. Any right of inspection extends to the records of any subsidiary of the corporation.

11.4. Inspection by Directors

Every director shall have the absolute right at any reasonable time to inspect all books, records, and documents of every kind and the physical properties of the corporation and each of its subsidiary corporations. This inspection by a director may be made in person or by an agent or attorney and the right of inspection includes the right to copy and make extracts of documents.

12. GENERAL CORPORATE MATTERS

12.1. Record Date For Member Notice, Voting and Giving Consents

For purposes of determining the members entitled to notice of any meeting or to vote or entitled to give consent to corporate action without a meeting, the Board may fix, in advance, a record date, which shall not be more than sixty (60) days nor less than ten (10) days before the date of any such meeting nor more than sixty (60) days before any such action without a meeting, and in this event only members of record on the date so fixed are entitled to notice and to vote or to give consent, as the case may be, notwithstanding any transfer of any memberships on the books of the corporation after the record date, except as otherwise provided in the California Nonprofit Mutual Benefit Corporation Law.

If the Board does not so fix a record date:

12.1.1 The record date for determining members entitled to notice of or to vote at a meeting of members shall be at the close of business on the business day next preceding the day on which notice is given or, if notice is waived, at the close of business on the business day next preceding the day on which the meeting is held.

12.1.2 The record date for determining members entitled to a written ballot pursuant to Section 4.7 shall be at the close of business on the business day next preceding the day on which the written ballots are sent to the members.

12.1.3 The record date for determining members entitled to give consent to corporate action in writing without a meeting, (i) when no prior action by the Board has been taken, shall be the day on which the first written consent is given, or (ii) when prior action of the Board has been taken, shall be at the close of business on the day on which the Board adopts the resolution relating to that action, or the sixtieth (60th) day before the date of such other action, whichever is later.

12.2. Record Date for Purposes Other Than Notice and Voting

For purposes of determining the members entitled to benefit from any action or entitled to exercise any rights in respect to any other lawful action (other than action by members by written consent without a meeting), the Board may fix, in advance, a record date, which shall not be more than sixty (60) days before any such action, and in that case only members of record on the date so fixed are entitled to receive the benefits or to exercise the rights, as the case may be, notwithstanding any transfer of any memberships on the books of the corporation after the record date so fixed, except as otherwise provided in the California Nonprofit Mutual Benefit Corporation Law. If the Board does not so fix a record date, the record date for determining members for any such purpose shall be at the close of business on the day on which the Board adopts the applicable resolution or the sixtieth (60th) day before the date of that action, whichever is later.

12.3. Member Discipline

The corporation shall impose discipline upon a member pursuant to the process established in this Section 12.3 if the remedy identified in these Bylaws requires such process to be followed. The corporation shall provide notice to the owner of an intent to impose specific discipline on a date certain, which shall be at least fifteen (15) and no more than sixty (60) days following the date of the notice. The notice of discipline shall be served personally upon the holder of record of such memberships; provided, however, that in lieu of personal service the notice may be mailed to each such member, addressed to the last address of the member appearing on the books of the corporation or given by the member to the corporation for the purpose of notice, or if no such address appears or is given, at the place where the principal office of the corporation is located, and published once in some newspaper of general circulation in the county in which the principal office of the corporation is located.

At any time up to five (5) days prior to the date fixed for the specified discipline to be implemented, the member may submit to the Board in writing any factual or other materials, along with a request not to impose the discipline, and the Board

shall consider such materials before determining, in its discretion, whether or not to impose discipline on the member and the member's memberships.

At any time before the date fixed for discipline, if the violation causing the discipline was a failure to pay monies due under Section 9 or Section 10, the owner may avoid such discipline by paying all delinquent assessments, rates and charges, plus a penalty of five percent (5%) of the amount of any delinquent assessments, rates and charges, plus any costs and expenses, including any attorney fees, incurred by the corporation in attempting to collect or enforce the assessments, rates or charges.

12.4. Corporate Contracts and Instruments; How Executed

The Board, except as otherwise provided in these Bylaws, may authorize any officer or officers, agent or agents, to enter into any contract or execute any contract or execute any instrument in the name of and on behalf of the corporation, and this authority may be general or confined to specific instances; and, unless so authorized or ratified by the Board or within the agency power of an officer, no officer, agent or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credits or to render it liable for any purpose or for any amount.

12.5. Construction, Definitions and Notice

Unless the context requires otherwise, the general provisions, rules of construction and definitions in the California Nonprofit Mutual Benefit Corporation Laws shall govern the construction of these Bylaws. Without limiting the generality of this provision, the singular number includes the plural, the plural number includes the singular, use of a gender-specific pronoun is applicable to any gender or entity, and the term "person" includes both a corporation and a natural person. Mailed notices shall be deemed to have been delivered when deposited in the United States Postal Service facility. Electronically-transmitted notices shall be deemed to have been delivered when the notice message has been delivered to the sender's internet service provider.

13. AMENDMENTS

13.1. Amendment by Members

New Bylaws may be adopted or these Bylaws may be amended or repealed by the vote or written consent of holders of a majority of the outstanding memberships entitled to vote; provided, however, that if the Articles of Incorporation of the corporation set forth the number of authorized directors of the corporation, the authorized number of directors may be changed only by an amendment of the Articles of Incorporation. The corporation will provide copies of the proposed new bylaws or proposed amendments at least thirty (30) days before a vote is taken on the proposed new bylaws or proposed amendments. A brief summary outlining the purpose of the changes proposed will be included with the copies of

the proposed new bylaws or proposed amendments when submitted to the members.

13.2. Amendment by Directors

Subject to the rights of the members as set forth in California Corporations Code Sections 7151 (number of directors), 7220 (term of directors), 7224 (filling Board vacancy), 7512 (increasing of quorum for members' meetings) and 7613 (proxy rights), as amended from time to time, these Bylaws may be adopted, amended or repealed by the Board, unless such action would:

- 13.2.1** Materially and adversely affect the rights of members as to voting, dissolution, redemption or transfer;
- 13.2.2** Effect an exchange, reclassification or cancellation of all or part of the memberships; or
- 13.2.3** Authorize a new class of membership.

Any provision of these Bylaws that requires the vote of a larger proportion of the members than otherwise is required by law may not be altered, amended or repealed except by vote of that greater number. No amendment may extend a director's term beyond that for which the director was elected.

CERTIFICATION

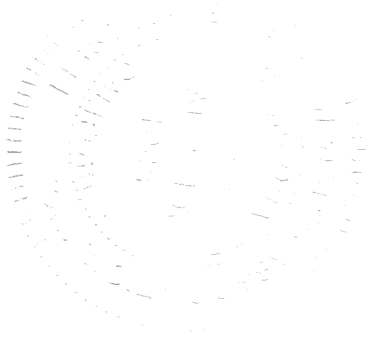
I, the undersigned, hereby certify:

1. That I am the duly elected and acting Secretary of First Mace Meadow Water Association, Inc.
2. That these Bylaws, consisting of thirteen (13) articles and thirty-eight (38) pages, constitute the Bylaws of said corporation, as duly adopted by the Board of Directors of the corporation on November 11, 2015.

IN WITNESS WHEREOF, I have subscribed my name and affixed the seal of the corporation this 12th day of February, 2016.



David R. Corner, Secretary



CALIFORNIA ALL PURPOSE ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA }

COUNTY OF Amador }

On 2-12-16 before me, Cynthia Frable Notary
Public,

Date

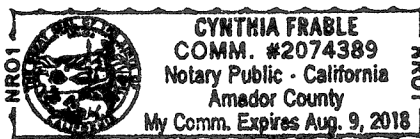
(here insert name and title of the officer)

personally appeared David R Corner

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature: Cynthia Frable (Seal)

_____ OPTIONAL _____

Description of Attached Document

Title or Type of Document: _____ Number of Pages: _____

Document Date: _____ Other: _____

EXHIBIT A

ASSESSOR PARCEL NUMBERS

023-070-155	023-410-051	023-480-009	023-570-021	033-400-018
023-070-159	023-410-052	023-480-010	023-700-007	033-400-019
023-400-001	023-410-053	023-480-011	023-710-001	033-400-020
023-400-002	023-410-054	023-480-016	023-710-002	033-400-021
023-400-003	023-450-001	023-520-001	023-710-003	033-400-022
023-400-004	023-450-002	023-520-005	023-710-004	033-400-023
023-400-005	023-450-003	023-520-006	023-710-005	033-400-024
023-400-006	023-450-004	023-520-007	023-710-006	033-400-025
023-400-007	023-450-005	023-520-009	023-710-007	033-400-026
023-400-008	023-450-006	023-530-001	023-710-008	033-400-027
023-400-009	023-450-007	023-530-004	023-710-009	033-400-028
023-400-010	023-450-008	023-530-005	023-710-010	033-400-029
023-400-011	023-450-009	023-530-007	023-710-011	033-480-005
023-400-012	023-450-010	023-530-009	023-710-012	033-480-006
023-400-014	023-450-011	023-530-010	023-710-013	033-480-007
023-400-015	023-450-013	023-530-011	023-710-014	033-480-008
023-400-016	023-450-014	023-530-012	023-710-015	033-480-009
023-400-017	023-450-015	023-530-013	033-010-088	033-480-010
023-400-018	023-450-016	023-530-014	033-010-089	033-480-011
023-400-019	023-450-017	023-530-015	033-010-089	033-480-012
023-400-020	023-450-018	023-530-016	033-370-001	033-480-013
023-400-021	023-450-019	023-530-017	033-370-002	033-480-014
023-400-022	023-450-020	023-530-018	033-370-003	033-480-015
023-400-023	023-450-023	023-530-019	033-370-004	033-480-016
023-400-024	023-450-024	023-530-020	033-370-005	033-480-017
023-400-025	023-450-025	023-530-021	033-370-006	033-480-023
023-400-026	023-450-029	023-530-022	033-370-007	033-480-024
023-400-027	023-450-031	023-530-023	033-370-009	033-480-025
023-400-028	023-450-032	023-530-024	033-370-010	033-480-026
023-400-029	023-450-033	023-530-025	033-370-011	033-480-027
023-400-030	023-450-033	023-530-026	033-370-012	033-480-028
023-400-031	023-460-001	023-530-027	033-370-013	033-480-029
023-400-032	023-460-002	023-530-028	033-370-015	033-480-030
023-400-033	023-460-003	023-530-029	033-370-016	033-480-031

023-400-034	023-460-004	023-530-030	033-370-017	033-480-032
023-400-035	023-460-005	023-540-001	033-370-018	033-480-033
023-400-036	023-460-006	023-540-002	033-370-019	033-480-034
023-400-037	023-460-007	023-540-003	033-370-020	033-480-035
023-400-038	023-460-008	023-540-004	033-370-021	033-480-036
023-400-039	023-460-009	023-540-005	033-370-038	033-480-037
023-400-040	023-460-010	023-540-006	033-380-001	033-480-038
023-400-041	023-460-011	023-540-007	033-380-002	033-480-039
023-400-042	023-460-012	023-540-008	033-380-003	033-480-040
023-400-043	023-460-013	023-540-009	033-380-004	033-480-041
023-400-044	023-460-014	023-540-010	033-380-005	033-480-042
023-400-045	023-460-015	023-540-011	033-380-006	033-480-043
023-400-046	023-460-016	023-540-012	033-380-007	033-480-044
023-400-047	023-460-017	023-540-013	033-380-008	033-480-046
023-400-050	023-460-018	023-550-001	033-380-009	033-480-047
023-400-051	023-460-019	023-550-002	033-380-010	033-480-050
023-400-055	023-460-020	023-550-003	033-380-013	033-480-051
023-400-056	023-460-021	023-550-004	033-380-014	033-520-001
023-400-057	023-460-022	023-550-005	033-380-015	033-520-002
023-410-002	023-460-023	023-550-006	033-380-016	033-520-003
023-410-003	023-460-024	023-550-007	033-380-017	033-520-004
023-410-004	023-460-025	023-550-010	033-390-001	033-520-005
023-410-005	023-460-026	023-550-011	033-390-002	033-520-006
023-410-006	023-460-027	023-550-012	033-390-003	033-520-007
023-410-009	023-460-028	023-550-013	033-390-004	033-520-008
023-410-010	023-460-029	023-550-014	033-390-005	033-520-009
023-410-011	023-460-032	023-550-017	033-390-006	033-520-010
023-410-012	023-460-033	023-550-018	033-390-007	033-520-012
023-410-013	023-460-034	023-550-019	033-390-008	033-520-013
023-410-014	023-470-001	023-550-020	033-390-009	033-520-014
023-410-015	023-470-002	023-550-021	033-390-010	033-520-015
023-410-016	023-470-003	023-550-022	033-390-011	033-520-016
023-410-017	023-470-004	023-560-001	033-390-012	033-520-017
023-410-018	023-470-005	023-560-002	033-390-013	033-520-018
023-410-019	023-470-006	023-560-003	033-390-014	033-520-019
023-410-020	023-470-007	023-560-004	033-390-015	033-520-020
023-410-021	023-470-008	023-560-005	033-390-017	033-520-021
023-410-022	023-470-009	023-560-006	033-390-018	033-520-022

023-410-023	023-470-010	023-560-008	033-390-019	033-520-023
023-410-024	023-470-011	023-560-009	033-390-020	033-520-024
023-410-025	023-470-012	023-560-010	033-390-021	033-520-025
023-410-026	023-470-013	023-560-011	033-390-022	033-520-026
023-410-027	023-470-014	023-560-012	033-390-023	033-520-027
023-410-028	023-470-015	023-560-013	033-390-024	033-520-028
023-410-029	023-470-016	023-560-014	033-390-025	033-520-030
023-410-030	023-470-017	023-560-015	033-390-026	033-520-031
023-410-031	023-470-018	023-560-016	033-390-027	033-520-032
023-410-032	023-470-019	023-560-017	033-390-028	033-520-033
023-410-033	023-470-020	023-570-001	033-390-031	033-520-034
023-410-034	023-470-021	023-570-002	033-400-001	033-520-035
023-410-035	023-470-022	023-570-003	033-400-002	033-520-036
023-410-036	023-470-023	023-570-004	033-400-003	033-520-037
023-410-037	023-470-024	023-570-006	033-400-004	033-520-038
023-410-038	023-470-025	023-570-007	033-400-005	033-520-039
023-410-039	023-470-026	023-570-008	033-400-006	033-520-040
023-410-040	023-470-027	023-570-009	033-400-007	033-520-043
023-410-041	023-470-028	023-570-010	033-400-008	033-520-044
023-410-042	023-470-029	023-570-011	033-400-009	033-520-045
023-410-043	023-480-001	023-570-012	033-400-010	033-520-046
023-410-044	023-480-002	023-570-014	033-400-011	033-520-047
023-410-045	023-480-003	023-570-015	033-400-012	033-530-020
023-410-046	023-480-004	023-570-016	033-400-013	033-530-021
023-410-047	023-480-005	023-570-017	033-400-014	033-570-014
023-410-048	023-480-006	023-570-018	033-400-015	
023-410-049	023-480-007	023-570-019	033-400-016	
023-410-050	023-480-008	023-570-020	033-400-017	

EXHIBIT B

LEGAL DESCRIPTION OF MEMBER LANDS

REAL PROPERTY IN THE UNINCORPORATED AREA OF THE COUNTY OF AMADOR,
STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

Mace Meadows Subdivision, Unit 2

Mace Meadows Subdivision, Unit 3

Mace Meadows Subdivision, Unit 4

Mace Meadows Subdivision, Unit 5

Mace Meadows Subdivision, Unit 6

Mace Meadows Subdivision, Unit 7

Fairway Estates Subdivision, Unit 1