

**ARTICLES OF INCORPORATION  
OF  
RAINERI MUTUAL WATER COMPANY  
A California Nonprofit Mutual Benefit Corporation**

**ENDORSED - FILED**  
in the office of the Secretary of State  
of the State of California

MAY - 2 2011

**ARTICLE I  
NAME OF CORPORATION**

The name of the corporation ("Corporation") is Raineri Mutual Water Company.

**ARTICLE II  
PURPOSES OF THE CORPORATION**

A. This Corporation is a nonprofit mutual benefit corporation organized under the Nonprofit Mutual Benefit Corporation Law. The purpose of this Corporation is to engage in any lawful act or activity other than credit union business for which a corporation may be organized under such law.

B. The specific purposes of this Corporation are as follows:

1. To build, develop, purchase or otherwise acquire, and to maintain and operate, a water system, including, but not limited to, all necessary and convenient water sheds, springs, water courses, conduits, pipes and pipe lines, pumps and pumping machinery and equipment, tanks and tank sites, and all other means of storing conserving and distributing water, for the purpose of supplying members with water for domestic uses and purposes, and to maintain roads and trails appurtenant to and/or necessary for the operation, use and maintenance of the water system within the boundaries of that certain land in the County of Santa Clara, State of California, bounded by Old Santa Cruz Highway to the East, Highway 17 to the West, Hebard Road and Wright Drive to the North, and Idylwild Road and Raineri Lane to the South.

2. To buy, lease or otherwise acquire real and/or personal property, and/or rights therein, necessary and convenient for the aforesaid purposes, and to sell, lease or otherwise dispose of the same.

3. To borrow money and give security therefore by means of mortgage, deed of trust, or other lawful means for the aforesaid purposes.

4. To fix and collect from its members rates for the operation and maintenance of the water system and maintenance of the above described roads and

trails.

5. To levy upon and collect assessments from its members from time-to-time for the purpose of raising funds to meet all capital expenditures in connection with any of the Corporation's services, or extension thereof, and deficiency in the operating or maintenance cost of any of the services, and any other expenditures incurred or to be incurred in carrying out the purposes of the Corporation, and to take all lawful means for the enforcement of such collections.

6. To do and perform any and all other acts which may be necessary for, proper, or incidental to the exercise of any of the Corporation's purposes; provided, however, that the Corporation shall not be construed, exercised or permitted to function as a public utility, nor shall any of the water owned by the Corporation, or any water that may hereafter be developed from any water system owned by the Corporation, be sold, furnished or delivered to any person other than the members of the Corporation, their tenants and contracting purchasers upon the land described above.

### **ARTICLE III MEMBERSHIP**

The voting power and the property rights and interests of the members of the Corporation may be unequal. The qualifications for membership in the Corporation shall be holding title to land within the above described boundaries on which there is the potential for at least one water meter connected to a habitable dwelling. The certificate of membership shall run with the land and be transferred to each new title holder. Each member of the Corporation shall have votes upon all matters that come before the membership, in proportion to the number of separate metered connections on legal buildable lots situated within the boundaries of that certain land described above; provided that no member or person entitled to membership shall be permitted to vote at any meeting while in default in the payment of any rates or assessments levied for any purpose by the Corporation. Each member of the Corporation shall have such an interest in all of the property of the Corporation, as is represented by the ratio of votes to which such member is entitled to the total possible number of votes that may be voted by all the members of the Corporation. The Corporation shall have power to admit new

members who shall be entitled to vote and to share in the property of the Corporation with the old members, in accordance with this Article.

#### **ARTICLE IV BUSINESS ADDRESS**

The location of the Corporation's office is 20352 Santa Cruz Highway, Los Gatos, California, 95033, in the County of Santa Clara.

#### **ARTICLE V AGENT FOR SERVICE OF PROCESS**

The name and address in the State of California of the Corporation's initial agent for service of process is Margaret A. Sloan, 1100 Alma Street, Suite 210, Menlo Park, California 94025.

#### **ARTICLE VI NUMBER OF DIRECTORS**

The number of directors of the Corporation shall be five (5).

#### **ARTICLE VII DISSOLUTION**

In the event of the dissolution, liquidation, or winding up of the Corporation, the Corporation's assets remaining after payment, or provision for payment, of all debts and liabilities of the Corporation, shall be divided among and distributed to the members in accordance with their respective rights therein.

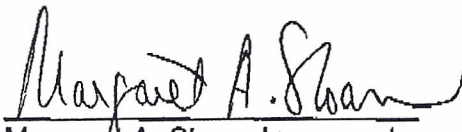
#### **ARTICLE VIII AMENDMENTS**

These Articles may be amended only by the affirmative vote of a majority of the Board of Directors and by the affirmative vote (in person or by proxy) of a majority of the Corporation's members. However, the percentage of voting power necessary to amend a specific clause or provision shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.



Notwithstanding any of the above statements of purposes and powers, this Corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the specific purpose of this Corporation.

For purposes of forming this Corporation under the laws of the State of California, the undersigned has executed these Articles of Incorporation this 29 day of April, 2011.

  
Margaret A. Sloan, Incorporator