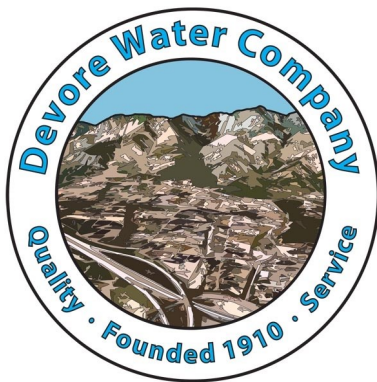


DEVORE WATER COMPANY INCORPORATED JULY 10, 1910

BY-LAWS **RULES, REGULATIONS** **and RATES**



18185 Kenwood Avenue
Devore, California

Devore Water Company

A California Corporation

RULES, REGULATIONS AND RATES

The Devore Water Company is a **MUTUAL**, non-profit organization owned by the stockholders, owning property in the Devore Tract. The following Rules and Regulations are being made to protect the interest of every shareholder. Your cooperation will result in a better water company, and a saving to you in your water tolls and assessments. Wastage of water in any form is an injustice to other shareholders.

I

The Devore Water Company will serve water only to such person or persons owning one or more shares of stocks in good standing, on the books of the company. Water will not be served until transfer of the stock is completed.

II

The Stock of the Devore Water Company will be transferred only when all assessments, water tolls, and other charges standing on the books of the company, against the owner or assignee of said stock shall have been paid in full. A charge of \$50.00 will be made for the transfer of each certificate and all certificates will be forwarded by certified mail.

III

Under Deed Rights, the Devore Water Company, owns all water which has been, or may be, developed in the Devore Tract, Map of Devore as Recorded in Book 17 of Maps, pages 79-80, Records of San Bernardino County, California, with the right to distribute same. The Company or its duly authorized representatives has the right to enter upon any property in said Tract, to sink wells, lay pipes, construct ditches and flumes necessary for producing and delivery of water to any shareholder; and the right of ingress and egress from the consumers property (premises) at all reasonable hours for any purpose connected with the furnishing of water, including the inspection of pipe lines, connection valves and accessories thereto, and the installation, maintenance or removal of company property; and in the pursuance of rights of ways and easements contained in Deeds, and other rights and reservations belonging or inuring to the benefits of the Company.

IV

Buildings, or any type of obstructions should not be placed over company easements, and rights of ways, or pipe lines, that would interfere with the free and uninterrupted use in excavation, maintenance, installation of, or removal of, company property. The Company shall not be held responsible or liable for leakage in pipe lines, valves or fittings, nor for damage in removal of buildings of any type of obstructions over said easement or pipe lines.

V

Applications for new water service connections must be made to the office of the Company. Applicants must definitely establish the point at which he wishes service to enter property, and all connections must be made by an authorized agent of the Company. The Company reserves the

right to maintain a water system for the entirety of the community and the addition of service(s) in areas of the community may be denied based on both long and short term capacity. The Company will endeavor to comply with the applicant's wishes, however, the Company reserves the right, in any case, as to the final determinations of the location of any water service connections from its main lines. Water will not be served to more than one dwelling or business established through each meter or service connection.

VI

Any person or persons desiring to appropriate undeveloped water for any purpose must first obtain permission from the Devore Water Company.

VII

A flat charge, as determined by the Board of Directors, will be made for each new service connection. The actual cost for extension or change of pipe line will be governed by the amount of labor and material involved. A deposit of the estimated amount of such charges must be paid the Company, by the applicant, prior to the installation charge.

VIII

Bills and charges for water tolls, are due immediately from date of notice, and becomes delinquent 30 days of said notice. If unpaid at the end of 30 days the Company reserves the right to discontinue service without further notice; in that event, a charge of \$25.00 will be made for restoring service.

IX

Stockholders, desiring to discontinue the use of water, may have the same shut off without charge by making application to the office of the Company. When service is again requested, a charge of \$25.00 will be made for restoring service, between the hours of 7:00 a.m. and 4:00 p.m.

X

Stockholders shall not resell, or furnish free, the water received from the Company to any other premises other than his own.

XI

All connections with the Water Company owned lines must be made by a duly authorized representative of the Company or under the supervision of such representative.

Total cost of new mains, mainline upgrades, and valves and the connections to existing facilities will be the responsibility of the shareholders requesting the extensions.

All new mains and mainline upgrades installed parallel to a street or highway shall be 8 inch or larger. All main line installations must be done by a licensed and bonded contractor as approved by the Water Company.

XII

It is the obligation of each water user to keep all lines from the Company main lines to premises, in good condition and repair. Leaks of any nature in lines, hydrants, valves and connections or accessories thereto, will not be permitted. Failure of any water user to observe this rule will be sufficient cause for the Company to discontinue the service to said premises, 48 hours after notification and without further notice. After repairs have been made, a charge of \$25.00 will be made by the Company to restore service. Upon evidence, or warning of any nature, that a FIRE exists in any part of the Devore Tract or any part of the U. S. Forestry property adjacent to said Tract, it is the duty of every water user to immediately shut off until there is evidence said fire has been extinguished.

The Company reserves the right to turn water off at any time, without notice to users; however the Company will endeavor to notify the users if the water is to be off for a period of more than **one** hour. The Company shall not be liable or responsible for any loss or **damage of any kind**, when water is shut off, or of failure to deliver water due to fire, flood, actions of the elements, low pressure or other causes beyond its control.

XIII

The rate for domestic water will be established or changed by the Board of Directors, at such time or may be deemed necessary by the Board, and shall become effective 10 days after notice thereof.

XIV

It is illegal for any person or persons to tamper with any of the Company lines, valves, equipment, or to change the adjustment of valves or pressure regulators as set by the Company. Any persons violating this rule will be prosecuted to the fullest extent of the law. The Company has, and shall exercise the authority to discontinue water service to any individual who tampers with, or in any way, damages the meter of service to said individual's property.

XV

The foregoing Rules, Regulations and Rates were made with the understanding that changes and amendments may be made as time, experience, and conditions may justify, and were duly passed and adopted by the Board of Directors of the Devore Water Company, at a regular meeting of said Board of Directors of the Devore Water Company, held in the month of August, the year 1947, in pursuance of Section 7:04, Article VII of the By-Laws of the Company and the authority therein contained.

XVI

Shares Foreclosure Sale. Full payment, by cash or cashiers check, must be paid at the time of the share foreclosure sale.

XVII - Cross Connections

PURPOSE

The purpose of this regulation is to protect the public water supply system from contamination due to potential and actual cross-connections. This shall be accomplished as required by State regulations. This regulation is adopted pursuant to Title 17, Sections 7586-7605, inclusive, of the California Code

of Regulations, entitled "Regulations Relating to Cross-Connections".

RESPONSIBILITY

The General Manager or cross-connection control specialist shall be responsible for implementing and enforcing the cross-connection control program. An appropriate backflow prevention assembly shall be installed by and at the expense of the water user at each user connection where required to prevent backflow from the water user's premises to the domestic water system. It shall be the water user's responsibility to comply with the Company's requirements.

CROSS-CONNECTION PROTECTION REQUIREMENTS

The type of protection that shall be provided to prevent back flow into the public water supply system shall be commensurate with the degree of hazard, actual or potential, that exists on the water user's premises. Unprotected cross-connections with the public water supply are prohibited. The type of backflow prevention assembly that may be required (listed in decreasing level of protection includes: Air-gap separation (AG), Reduced Pressure Principle Backflow Prevention Assembly (RP), and a Double Check Valve Assembly (DC). The water user may choose a higher level of protection than required by the water supplier. The minimum types of backflow protection required to protect the approved water supply at the user's water connection to premises with varying degrees of hazard are in Table 1 of Section 7604, Title 17. Situations which were not covered in Table 1 shall be evaluated on a case-by-case basis and the appropriate backflow protection shall be determined by the water supplier or health agency.

BACKFLOW PREVENTION ASSEMBLIES

Only backflow prevention assemblies which have been approved by the Company shall be acceptable for installation by a water user. A list of approved backflow prevention assemblies will be provided upon request to any affected customer. Backflow prevention assemblies shall be installed in a manner prescribed in Section 7603, Title 17. Location of the assemblies shall be installed on the customer side and as close as practical to the user's connection. The Company shall have the final authority in determining the required location of a backflow prevention assembly.

Testing of backflow assemblies shall be conducted only by qualified testers and testing will be the responsibility of the water user. Backflow prevention assemblies must be tested annually and immediately after installation, relocation or repair. More frequent testing may be required if deemed necessary by the Company. No assembly shall be placed in service unless the assembly is functioning as required. These assemblies shall be serviced, overhauled or replaced whenever they are found to be defective and all costs of testing, repair, and maintenance shall be borne by the water user. Approval must be obtained from the Company prior to removing, relocating or replacing a backflow prevention assembly.

ADMINISTRATION

The cross-connection control program shall be administered by the General Manager or cross-connection control specialist. The Company will establish and maintain a list of approved backflow prevention assembly testers. The Company shall conduct necessary surveys of water user's premises to evaluate the degree of potential health hazards. The Company shall notify users when an assembly needs to be tested. The notice shall contain the date when the test must be completed.

WATER SERVICE TERMINATION

When the Company encounters water users that represent a clear and immediate hazard to the potable water supply that cannot be immediately abated, the procedure for terminating water service will be instituted. Conditions of water users that create a basis for water service termination shall include, but are not limited to the following:

1. Refusal to install or to test a backflow prevention assembly, or to repair or replace a faulty backflow prevention assembly.
2. Direct or indirect connection between the public water system and a sewer line.
3. Unprotected direct or indirect connection between the public water system and a system or equipment containing contaminants.
4. Unprotected direct or indirect connection between the public water system and an auxiliary water system.

For condition 1, the Company will terminate service to water user's premises after proper notification has been sent. If no action is taken within the allowed time period water service shall be terminated.

For conditions 2,3, or 4, Company shall take the following steps:

1. Make reasonable effort to advise the water user of intent to terminate water service.
2. Terminate water service and lock service valve. The water service shall remain inactive until corrections of violations have been approved by the Company.

EFFECTIVE DATE

This regulation shall take effect thirty (30) days from the date of its adoption (January 14th 2014). Before the expiration of twenty (20) days after its adoption this regulation will be mailed to all Shareholders of record as of the date of adoption.

James W. Duffy
President

Clarence L. Sanders
Secretary-Treasurer

At a regular meeting of the Board of Directors, held April 12, 1960, amendments were made to paragraph II, VIII, XII, and XIII.

At the regular meeting, November 12, 1968, of the Board of Directors amendments were made to paragraph XI regarding costs of improvements.

At a regular meeting of the Board of Directors, held May 9, 1978, an amendment was made to paragraph XI.

At a regular meeting of the Board of Directors, held August 10, 1982, amendments were made to paragraphs VIII, IX, and XII.

At a regular meeting of the Board of Directors, held March 10, 1987, amendments were made to paragraphs I and VII.

At a regular meeting of the Board of Directors held April 9, 1991, Rule XVI was adopted.

At a regular meeting of the Board of Directors, held July 13, 2004, amendment was made to paragraph V (ability to provide water).

At a regular meeting of the Board of Directors, held September 14, 2004, amendments were made to paragraph II (increased transfer free), IX (restoration times to 7:00 a.m. to 4:00 p.m.), XI (increased minimum main size in street to 8"), XVI (requirement to pay in full at time of foreclosure sale).

At the regular meeting of the board of directors, held January 14th 2014 hereby adopts paragraph XVII of the Rules and Regulations instituting a cross-connection control program to protect the Shareholder's water supply

(This page intentionally left blank)

(This page intentionally left blank)

DEVORE WATER COMPANY BY-LAWS

ARTICLE I

Miscellaneous

Section 1.01 The General Corporation Law Applicable. The term "The General Corporation Law" is used in these by-laws with the same meaning as defined in Section 277 of the Civil Code of the State of California; and words, phrases and terms are used in these by-laws with the same meaning as used or defined in the General Corporation Law.

Section 1.02 Amendments. These by-laws may be repealed or amended or new by-laws adopted only by vote of the shareholders entitled to exercise a majority of the voting power at a meeting of the shareholders.

Section 1.03 District Defined. As used in these by-laws the expression "district" refers to and means all that certain land area situated in the County of San Bernardino, State of California, described as follows:

Devore Tract as shown by and upon a certain plat therein described in Book 17, Pages 79-80 of Maps in the Office of County Recorder of San Bernardino County.

ARTICLE II

Shareholders

Section 2.01 Provisions of the General Corporation Law Applicable. Except in those particular and to the extent hereinafter expressly provided for, all of the provisions (whether mandatory or permissive) of Chapter VI of the General Corporation Law, as now or hereafter existing, are approved, adopted and made applicable to the Company; and whenever no express provision is contained herein with respect to any matter authorized to be regulated, fixed, or established by or in the by-laws, it is intended to adopt and approve the provisions in said Chapter VI pertaining thereto and regulating or providing for the same.

Section 2.02 Annual Meeting. A meeting of shareholders to be known as the annual meeting shall be held each year on the fourth Thursday of January, at 7:00 p.m., at a place to be designated by the Board of Directors, for the purpose of electing a Board of Directors and other purposes.

If such day shall fall upon a legal holiday, then such meeting shall be held at the same time upon the day immediately following.

Section 2.03 Special Meetings. Special meetings of the Shareholders, for any purpose or purposes whatsoever, may be held any time upon call, which shall be made by the President, or by the Board of Directors, by resolution adopted by majority vote, or by the written assent of a majority of all the acting directors filed with the Secretary, or by one or more shareholders holding not less than one-fifth of the voting power of the Company.

Section 2.04 Place of Meeting. Authority is hereby conferred upon the Board of Directors by resolution adopted by majority vote of all its members, or by written assent of the majority of such members, filed with the Secretary, to fix or designate (and from time to time change) the place for any shareholders meeting, or meetings, one or more, or all, whether annual or special, subject to the limitations that the meeting, or meetings, shall be held in suitable and convenient places and if possible in a public building, but in no event shall they be held in a private home or dwelling. Any place so designated shall be within the territorial boundaries of the district or within a radius of 20 miles of said district, and in such instances said meeting shall be held at the place so fixed or designated.

Section 2.05 Notice of Meeting. Written notice of each meeting of shareholders, whether annual or special, shall be given to each shareholder entitled to be noticed, not more than thirty (30) days, nor less than five (5) days, before the meeting, in any of the following ways:

- First: By delivering such notice personally; or
- Second: By mailing such notice, charges prepaid, addressed to such shareholders at his address appearing on the books of the Company. If no address appears on the books of the Company, then the notice shall be addressed to the shareholder at the place where the principal office of the Company is situated.

Whenever a shareholder shall in writing give the Company an address for the purpose of notice, the same shall be deemed the shareholder's "address appearing on the books of the Company", as

such term is herein used.

Section 2.06 Form of Notice and Statement of Purpose. Notice of any meeting shall specify the place, the day and the hour of the meeting. In the case of special meetings, the general nature of the business to be transacted shall be stated in the notice, but in the case of the annual meeting need not be stated; provided, however, the provisions of Section 312 of the Civil Code requiring notice to the shareholders of special proposals to be submitted at a meeting, whether annual or special, shall always be observed.

Section 2.07 Shareholders Entitled to Notice. All notices of any meeting shall be mailed on the same day and at the same time. Where notice of any shareholder's meeting is to be mailed, notice shall be given to those who appear from the stock records as record holders at 5:00 o'clock P.M. on the day immediately preceding the day of mailing and is the record date and time for the determination of shareholders entitled to notice of the meeting.

Section 2.08 Shareholders Entitled to Vote. Five o'clock P.M. on the fifth day next preceding the day first appointed for a shareholder's meeting is hereby fixed as the time for the close of stock books, and the determination of those entitled to vote at the meeting, and, subject to the provisions of law, only persons in whose names the shares stand on the stock records of the Company, at the close of stock books, as aforesaid, shall be entitled to vote at the meeting, or at any adjournment thereof.

No transfer of shares shall be made on the stock records of the Company during the period elapsing between said close of stock books and adjournment of the meeting of the day first appointed therefore. If a meeting be adjourned to a subsequent date, the stock

books shall be open upon adjournment so as to permit transfer, but not so as to affect the right of voting, determined as above provided.

Section 2.09 Business to be Transacted. At the annual meeting, directors to the number authorized shall be elected, reports of the affairs of the Company shall be considered, and any other business may be transacted which is within the powers of the shareholders, including the amendments to the Articles of Incorporation, and action upon or with respect to any or all questions and matters requiring the vote, consent, or approval of the shareholders, or with respect to which the shareholders are permitted to act, subject, however, to the provisions of Section 312 of the Civil Code, requiring notice to the shareholders of special proposals. At a special meeting any business may be transacted of the general nature specified in the notice thereof, but not otherwise.

Section 2.10 Manner of Voting at Shareholders Meetings. At meetings of the shareholders, all questions, other than an election of directors and all adoption, change, or repeal of by-laws, or except as otherwise expressly provided by statute, or these by-laws, shall be determined by majority vote of the shares represented at the meeting, and all voting shall be viva voce, unless a majority in voting power of the shares represented shall demand a vote by written ballot.

Section 2.11 Election of Directors. In an election of directors, the entire number to be elected shall be elected at the same time and upon a single vote or ballot and directors shall not be elected separately or in any number less than the entire number to be elected.

If there has been nominated for the office of directors more than the

number to be elected, or upon the demand of any shareholder represented at the meeting, the election shall be by written ballot; otherwise it shall be viva voce.

Section 2.12 Directors Elected at Special Meeting. Whenever for any reason, no election of directors has been had for more than one year, a Board of Directors may be elected at a special meeting of the shareholders called for that (in addition to any other) purpose, by the person or persons, in the manner and upon the notice in these by-laws provided for calling and noticing special meetings of shareholders.

The terms of directors elected at a special meeting shall expire at the same time as though they had been elected at the annual meeting next preceding such special meeting.

Section 2.13 Inspectors of Elections. Three (3) Inspectors of Election shall be appointed in the manner and with the effect provided for in Chapter VI of the General Corporation Law, and shall have and exercise the powers and authority therein provided, subject to the provisions of law and these by-laws.

Section 2.14 Changing Time of Annual Meeting. In the event it is impossible to hold the annual meeting on the date and at the time as provided elsewhere herein because of the happening of a calamity or other sudden emergency, the Board of Directors must select another date for the meeting, which date shall not be more than (30) thirty days subsequent to the date of the regular annual meeting, and notice of the same shall be given to each shareholder in the manner provided for by Section 2.05.

Section 2.15 Quorum of Shareholders. The presence in person or

by proxy of the holders of fifty percent of the shares entitled to vote at any meeting shall constitute a quorum for changing of the by-laws but only thirty percent of the shares entitled to vote shall constitute a quorum for the transaction of business, including the election of directors.

Section 2.16 Secret Ballot. Whenever a written ballot is required or permitted, a secret ballot shall and must be taken. A secret ballot is defined as a ballot which does not contain the name of the voter and which is deposited in a closed box or receptacle by the person voting the same.

Section 2.17 Representation by Proxy. At any meeting of the shareholders a representation by proxy shall be allowed, and each shareholder shall be entitled, either in person, or by proxy, to as many votes as he owns shares of stock. Such proxy shall be in writing and subscribed to by said shareholder, or by his attorney-in-fact, and shall be filed with the Secretary prior to the start of the voting on any election or proposition in which the proxy is to be used.

Section 2.18 Cumulative Voting. Every shareholder entitled to vote at an election for directors shall have the right to cumulate his votes and give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which his shares are entitled, or to distribute his votes on the same principal among as many candidates as he shall think fit. The candidates receiving the highest number of votes up to the number of directors to be elected shall be elected.

ARTICLE III

Directors

Section 3.01 Provisions of the General Corporation Law. Except in those particulars and to the extent hereinafter expressly provided for, all provisions (whether mandatory or permissive) of Chapter V of the General Corporation Law, as now or hereafter existing, are approved, adopted and made applicable to the Company; and whenever no express provision is contained herein with respect to any matter authorized or permitted to be regulated, fixed or established by or in the by-laws it is intended to adopt and approve the provisions in said Chapter V pertaining thereto and regulating or providing for the same.

Section 3.02 Qualification and Terms. A director must be a shareholder. The term of office of a director shall be immediately upon his election, and each director so elected shall hold office until his successor is elected, or until he resigns or is removed from office, whichever shall first transpire.

Section 3.03 Organization Meeting. A meeting of the Board of Directors (to be known as the "organization meeting") shall be held immediately following adjournment of the shareholders meeting at which elected, for the purpose of organizing, electing and appointing officers. Any other business may also be transacted at such meeting. No notice of such organization meeting need be given.

If not held at the time appointed, or if reorganization be not effected or completed at such meeting, the business or reorganization shall be transacted or completed at the first regular or special meeting held thereafter, and if not then completed, then at any meeting, regardless

of when held.

With the consent of all directors, such organization meeting may be held at any time. Attendance at, and participation in the proceedings of the meeting shall be deemed consent. The consent of any director not present or participating shall be written and filed with the Secretary and made a part of the minutes, either before or after the holding of the meeting.

Section 3.04 Regular Meetings. Meetings of the Board to be known as "Regular Meeting" shall be held on the second Tuesday of each and every month at a time and place to be designated by said Board of Directors. If any such day shall fall upon a legal holiday, then such meeting shall be held at the same time the day immediately following. No notice of such regular meeting need be given to any director.

Section 3.05 Special Meeting. Special meetings of the Board of Directors may be held from time to time upon call by the President, or if he be absent, or be unable, or refuse to act, then of any Vice-President, to call a special meeting upon the written request of two directors, specifying the purpose; and in the event neither the President nor Vice-President shall call such meeting upon said request, then the same may be called by said two directors. The call in any instance, shall be delivered to the Secretary or person whose duty it is to give notice.

Section 3.06 Notice of Special Meeting. Notice of special meetings of the Board of Directors, specifying the time and place of meeting, shall be given each director not later than on the day next before the day of the meeting in any one of the following ways, to wit:

First: By personal delivery of written notice of

Second:

the meeting; or,
By sending written notice of the meeting by mail or telegram; provided, said written notice shall be mailed or sent in sufficient time to permit its receipt on the day next before the meeting, in the ordinary course of transmission; or,

Third:

By leaving written notice of the meeting at the residence or place of business of the director to be served, with some adult person residing or regularly employed there; or,

Fourth:

Verbally or by word of mouth, including therein telephoning, directly and personally to the director to be notified from and by the person whose duty it is to give the notice, when intended as notice of meeting by the person giving the same.

Section 3.07 Place of Directors Meeting. Regular meetings of the Board of Directors shall be held at some suitable and convenient place within the district, of within a radius of 20 miles of said district, which place shall be designated by resolution of the Board; provided, that such meeting shall not be held in a private home or dwelling; and, provided further, that after such meeting place shall have been designated the same shall not be changed unless the shareholders are notified by mail of the new meeting place in sufficient time to attend the meeting if they so desire.

Section 3.08 Waiver of Notice and Consent to Meetings. Directors may waive any and all provisions of law and/or of these by-laws, in respect of call, notice and place of meeting, or any of them,

and may consent to the holding of any meeting, without call and notice, or either of them, and any director may waive call, notice and place of meeting, or any of them, in respect of himself, and may consent to the holding of any meeting without call, and notice or either of them, and without regard to the place where held.

Any regular or special meeting of directors, held with or upon the unanimous consent or approval of all of the members of the Board (and attended by not less than a quorum shall be valid without regard to call and notice, or either of them, and the proceeding of any such meeting shall be valid and constitute the act or acts, of the Board of Directors as fully and conclusively as though taken and had at a meeting duly called and noticed and held at the place duly appointed therefor. Attendance at and participation in the proceedings of any meeting (attended and participated in by not less than a quorum) without objection to the regularity or sufficiently or, lack of call and notice, or either, of the place where held, shall constitute and be a waiver in respect of such matters and an irrevocable consent to the holding of such meeting on the part of and by each director so attending and participating without objection.

Such herein authorized or referred to waiver and consent, or either, of any director not present at such meeting, may be made or given either before, during or after the meeting, and may be made and evidenced in any of the following ways, to wit:

- (a) In writing, filed with the Secretary, either before during, or after the meeting;
- (b) Subscribing at the foot of the minutes of such meeting an approval of such minute;
- (c) Approval, without objection, of the minutes of such meeting at a subsequent meeting of the Board, attended by the director who was absent from the first mentioned meeting

and whose waiver or consent is being secured.

Section 3.09 Vacancies. If any members of the Board shall fail, unless excused by a majority of the Board for good cause, which excuse, with the reason therefor, shall be entered in the minutes of the meeting, or meetings, to attend in the minutes of the meeting or meetings, to attend three (3) consecutive meetings of the Board, his office shall ipso facto become vacant, and the vacancy shall, at the next meeting be filled in accordance with these by-laws.

Section 3.10 Quorum. A majority of the authorized number of directors shall be necessary to constitute a quorum for the transaction of business and unless otherwise required by law or these by-laws every act or decision done or made by a majority of the directors shall be regarded as the act of the Board of Directors.

Section 3.11 Business to be Transacted. It shall not be necessary to state in any notice, whether of a regular or special meeting of the Board, the nature of the business to be transacted thereat; unless a vacancy in the Board of Directors is to be filled at such meeting, and any business that the Board may have transacted at a regular meeting may be transacted with like effect at a special meeting, unless otherwise provided by law.

Section 3.12 Compensation of Directors. Directors shall receive no salary or compensation for their services as directors, when first authorized by the Board, shall be allowed his reasonable expenses (which includes transportation, meals and lodging) when actually engaged in the business of the Company, to be audited, allowed and paid as other claims against the Company. Before such claim is allowed and paid, the director filing or claiming the same shall file a detailed and itemized claim with the Secretary of the Company, said

claim to be determined by the board of Directors to be true and correct and were actually made and expended by him while on and engaged in the business of the Company. Only after the itemized statement is approved by the Board of Directos and filed with the Secretary, shall such claim be allowed and paid.

ARTICLE IV

Notices

Section 4.01 Applies to all Notices. Except as is conflict with law, or other provisions of these by-laws, the provisions of this Article are intended to, and shall, apply to all notices required, or permitted, to be given, including notice of shareholders' meetings, directors' meeting, and assessments.

Section 4.02 By Whom Given, Method of Making, and Signing. Notice shall be given by the Secretary, or by an assistant secretary, if such assistant be so directed by either the Secretary, the President or the directors. If the person whose duty it is to give notice shall fail or refuse so to do, then it shall be given by any person thereto directed by the President or the directors; or in the event of a called meeting it may be given (in the event of such refusal) by the one directed so to do by the person or persons called for the meeting. Whenever a written notice is required to be given, under these by-laws, or pursuant to any provisions of law, it may be made by any method appropriated for such purpose, including longhand writing, printing, stamping, multigraphing, mimeographing, typing, or by one or more or all of such methods, or in part by one method and in other parts by another or other methods.

No notice need be actually signed or subscribed by the hand of the person giving it, and in lieu of actual signing, the name of such person may be made by the method used in making any other portion of the notice, or by any method by which any portion of the notice might be made, as hereinafter provided.

Section 4.03 Where notice is to be Mailed. When resort is had to giving any notice by mail, such notice shall be deposited in the United States Post Office in the city or community in which the principal office of the Company is situated, or in a United States Post Office within not more than fifty miles from said principal office, with postage thereon prepaid, and directed to the person to be served at the address of such person, if such address appears on the records of the Company; and if same does not appear on such records, then addressed to such person at the Post Office at or from which delivery of mail is made at the principal office of the Company.

The notice shall be deemed to have been deposited in said Post Office if delivered to a letter carrier making deliveries from said Post Office, or when deposited in a letter box, or other mail receptacles maintained by the Post Office and from which mail is regularly collected for said Post Office.

Section 4.04 Method, Publication and Form. The Board of Directors shall have power, subject to provisions of law, or of these by-laws specifically regulating the matter, from time to time and at any time, to determine and order, with respect to notices, or any notice, as follows:

- (a) Where two or more methods are available, which method shall be used, and use of one method as to one or more persons to be served, and another method or methods as to other,

- (b) The newspaper in which publication is to be made;
- (c) The date, or dates, of publication;
- (d) The date of mailing of notice.

If the time has arrived when the person charged with the duty desires to give notice, and the Board has failed to determine any of the above, the same shall then be determined by such person; and the power reserved to, and conferred upon the Board, as above stated, shall be exercised, and the determination made, by the person giving the notice.

Section 4.05 No Notice to Person Giving the Same. Where the person giving any notice shall belong to the class entitled to notice, no notice need be mailed to or otherwise served upon such person, and it shall be conclusively presumed that service of the notice has been made personally upon that person.

Section 4.06 Actual Receipt of Notice. Whenever any person (whether shareholder, director or other) shall be entitled to any notice, actual receipt by such person of any writing intended as a special or specific notice to such person, or of any written or printed notice used or intended for use, generally, as or for notice to the class of which the person is a member, shall constitute and be notice of the contents of such writing, and due and sufficient service of such notice, regardless of how or what manner served, or how or in what manner or from whom it was received; and no other or further notice need be given or service made, and such person shall be deemed to be waived and irregularity or omission in respect of such notice and service, unless written protest specifying the grounds of insufficiency or the nature of the omission be immediately filed with the Company.

ARTICLE V

Officers

Section 5.01 Number of Officers. The officers of the Company (herein called "regular officers") shall be elected by the directors, and shall be a President, a Vice President, a Secretary and a Treasurer. The Board may also appoint one or more additional vice presidents, one or more assistant secretaries, one or more assistant treasurers and such other officer as they deem desirable for the transaction of the business of the Company. The President and Vice President shall be members of the Board of Directors and if either shall cease to be directors at any time, he shall ipso facto, cease to be President or Vice President. No other of said officers need be members of the board of Directors. Any two or more of said officers, except those of President and Secretary, may be held by the same person. Regular officers shall be elected annually at the organization meeting of the Board, or whenever the Board shall determine; provided, they may always be elected whenever a vacancy exists. Other officers may be elected at any meeting of the Board. Unless sooner removed by the Board of Directors, or unless they resign or become disqualified, all of the officers shall hold office until their successors are chosen and qualified. Any officer, whether elected or appointed by the Board of Directors, may be removed at any time by the affirmative vote of the majority of the whole Board of Directors, and each officer shall take and hold office subject to the right of removal by the Board of Directors.

Section 5.02 The President. The President shall be the chief executive officer of the Company, and as such shall:

- (a) Preside at all meetings of the shareholders and directors.

Such shall not prevent him from voting, either at a shareholders' meeting, or as a director at a directors' meeting upon any question.

- (b) Unless otherwise directed by the Board of Directors, sign as President all deeds and other instruments in writing which have been first approved or authorized by the Board of Directors, or by the shareholders.
- (c) Have, subject to advise of the directors, general and active supervision of the business and affairs of the corporation, and shall have the power and duty to cause the orders and resolutions of the Board to be carried into effect.

Section 5.03 Vice-President. The Vice-President shall, in the absence or disability of the President, perform the duties and exercise the powers of the President, and shall perform such other duties as the Board of Directors shall prescribe.

Section 5.04 Secretary. The Secretary shall:

- (a) Attend all sessions of the Board and all meetings of the shareholders, and record all votes, and take, keep and maintain full and correct minutes of all proceedings at all shareholders' meetings and at all sessions of the Board in a standard bound minute book or books, to be kept for that purpose, and perform like duties for the standing committees when required.
- (b) Keep the corporate seal of the Company and books of blank certificates of stock, fill out and countersign all certificates issued, and affix the corporate seal to all papers requiring a seal.
- (c) Keep proper account books and such records and books pertaining to the issuance and transfer of shares as may be required by law, or these by-laws, or as the Board of

Directors shall prescribe, an discharge such other duties as pertain to his office, or which may be required by law, or by these by-laws, or by the Board of Directors.

- (d) Make available to any shareholder, or his duly authorized representative, at any time during office hours, for inspection and copying any and all minutes, books, records, and/or account books and records required to, or that may be kept and maintained by said Secretary under the provisions of section (a) and (c) hereof.
- (e) Keep a copy of all rules and regulations adopted and/or enforced by the Board on file at his office and to make the same available to any shareholder or his authorized representative at all times during office hours, for inspection and copying, which copy shall be certified by the President or Vice-President and Secretary as being a true and correct copy of such rules and regulations.

Section 5.05 Treasurer. The Treasurer shall:

- (a) Have custody of the corporate funds and securities and keep full and accurate account of receipts and disbursements in books belonging to the Company, and deposit all moneys and other valuable effects in the name and to the credit of the Company, in such depositories as may be designated by the Board of Directors.
- (b) Disburse the funds of the Company as may be ordered by the Board, taking proper vouchers for such disbursements and render to the President and Directors, at the regular meetings of the Board, or whenever they may require it, an account of all his transactions as Treasurer and of the financial conditions of the Company; provided, the Board may prescribe the manner in which funds shall be withdrawn from and paid out by any depository.

- (c) Give the Company a bond or bonds to be executed by some duly authorized surety company, in such sum or sums as may be determined by the Board, but in no event less than the sum of \$5,000 for the faithful performance of the duties of his office, and for the restoration to the Company, in case of death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Company. The cost of such bond or bonds shall constitute a charge against, and be paid by, the Company.

Section 5.06 Duties of Officers May be Delegated. In case of the absence of any officer of the Company, or for any other reason that the Board may deem sufficient, the Board may delegate, for the time being, the powers or duties of any of them, to any other officer, or to any director, providing a majority of the entire Board concur therein; and, provided further, the office or duties of the Treasurer shall not be delegated or assigned without his consent, and then only to an officer or director approved by him.

ARTICLE VI

Certificates and Transfers of Shares

Section 6.01 By Whom Signed. Certificates for shares shall be signed by the President or Vice-President and the Secretary, or by an assistant secretary, if such assistant be thereto authorized by the Board of Directors.

Section 6.02 Form. Subject to the provisions of law and these by-

laws, certificates for shares shall be of such form and device as the Board of Directors may direct.

The person to whom issued shall be denominated therein as the "record holder", or by such other designation as shall be ordered by the Board pursuant to any provisions of law.

A voluntary encumbrance of the shares is herein called a "pledge".

A person in whose name a pledge of shares may be registered may be known as the "registered pledgee".

Each certificate shall be issued and held upon and subject to all of the conditions and provisions thereon stated, all of which shall be binding upon the record holder, the registered pledgee (if any) and any transferee or person claiming any interest in the shares, or any of them, evidenced thereby.

Section 6.03 Registration of Pledge. Upon satisfactory evidence of a pledge, the Company shall note the transaction (with the name and address of the pledgee) on its books. One or more pledges may be so designated, their priority being indicated by the expressions "first pledgee", "second pledgee" and so forth.

Section 6.04 Effect of Registration of Pledge. When any pledge has been so registered, the share shall be held, rights in respect thereof exercised and the pledge released or transferred, upon and subject to the provisions, and in the manner with the effect, as follows:

The record holder shall be deemed the shareholder as regards the Company, and as such, represent the shares and exercise all rights, vote, consent and assent in respect thereof, and be entitled to the

benefit of such service as the Company provides for of renders to its shareholders.

The rights and interest of the record holder and of any successor, and the title of such shares, may be transferred upon the books of the Company, and a new certificate issued subject to the pledge, without the act, consent or endorsement of the pledgee.

When a pledge has been so registered, and the address of the pledgee appears on the books and records of the Company, the Company will not sell or forfeit the pledged shares for nonpayment of an assessment, unless at least 10 days (ten days) prior to such sale or forfeiture there is mailed to such pledgee at said address of the pledgee, or in lieu thereof, delivered to the pledgee, a copy of the notice of assessment given with respect to such assessment, or in lieu of such copy, a notice stating the fact of the assessment, and the time and place for the sale of forfeiture of delinquent shares.

The pledgee shall not be personally liable for the payment of tolls, water charge, or assessments, unless payment thereof has been assumed or guaranteed by the pledgee, or service rendered upon or to the order of the pledgee.

The interest and rights of the pledgee, as such, may be transferred on the records of the Company, and a new certificate issued (upon cancellation of the old) showing the new pledgee, or a pledge may be released without the act, consent or endorsement of the record holder, or of anyone appearing to the owner of the said shares.

Section 6.05 Charges and Liens on Shares. Each charge or toll for water delivered to or for the record holder of any shares by virtue of or in respect of ownership of such shares is a lien against said shares from the time when furnished until paid. Said lien may be

foreclosed in the manner now or as may be hereafter provided by law of the State of California for foreclosure of a pledge. Notice of the time and place appointed for the sale of any shares upon foreclosure of such lien shall be mailed to the record holder of said shares at the address of such record holder as it then appears upon the books of the Company, and if no address appears, then mailed to said record holder at the city, or community where the principal office is situated, no demand for payment or other notice of sale to the record holder or to any person appearing by the records of the Company to have an interest in said shares need be given other than as hereinbefore provided. At any such sale or sales the Company may bid and purchase.

Section 6.06 No Transfer While Unpaid Liens. No transfer of the shares of the Company can or will be made on the books of the Company while any assessment, charge or toll there against remains or is unpaid.

Section 6.07 Assessments and Liens. The Board of Directors shall provide that each certificate shall bear on its face a statement that the shares evidenced thereby are assessable and subject to lien and such other provisions in connection therewith as it deems proper, subject to the law, Articles of Incorporation and these by-laws.

Section 6.08 Penalties, Interest and Collection Costs. Each shareholder shall be liable for payment of and shall pay to the Company, upon its demand all expenses incurred by the Company in collecting or enforcing payment from such shareholder of any delinquent assessment, charge, toll or other indebtedness. Included in such expenses are reasonable attorney's fees in any proceeding for the enforcement of any liens herein provided for, or the collection of such indebtedness by court action, and all expenses of any sale.

All penalties on delinquent assessments, interest on overdue charges, tolls or other indebtedness, and expenses of collection, as above provided for shall be added to the principal debt, and shall become a lien upon and against the shares, and be secured thereby and enforced in the same manner and with the same effect as the principal debt.

Whenever elsewhere in these by-laws or in the share certificates the term assessment, charge, toll or any of them, shall be used, such term shall be deemed to include, in each and every instance whenever such construction is possible or permissible, all penalties, interest and collection expense pertaining to such assessment, charge or toll, or attaching, accruing or resulting from nonpayment thereof when due.

Section 6.09 Record Holder Liable for Tolls and Charges. The record holder of any shares shall be entitled to the delivery of all water apportioned to such shares, subject to suspension or discontinuance as herein provided, and shall be personally liable for the payment of all assessments, tolls, charges, interest, costs and penalties in respect of or on account of such shares during the time the same are registered in his name on the books of the Company.

ARTICLE VII

Power of Board of Directors

The Board of Directors (hereinafter called "Board") subject to restrictions of law, the Articles of Incorporation, or these by-laws, shall exercise all of the powers of the Company, and without prejudice to or limitation upon its general powers, it is hereby expressly provided

that the Board shall have, and it is hereby given, full power and authority, in its discretion (to be exercised by resolution adopted by majority vote of all the members of the Board, whether denominated a rule or regulation, or otherwise), in respect of the matters, and as hereinafter set forth, to wit:

Section 7.01 Seal. To adopt, use and at will alter a corporate seal of form and device approved by the Board; provided, there shall be set forth on said seal, the name of the Company and the State and date of incorporation. Said seal shall be affixed to the share certificates and such other instruments as the Board shall direct.

Section 7.02 Share register. To prescribe the form and provide for keeping a share register and records pertaining to the issuance, registration and transfer of shares.

Section 7.03 Annual Report. At least ten (10) days prior to the annual meeting of the shareholders (or at any special meeting of the shareholders where the same is demanded by the person or persons making or demanding the call of such special meeting), the Board of Directors shall make and furnish to each shareholder (in the case of special meeting only to the shareholders present) the annual report required by Section 358 of the Civil Code of the State of California, as it now exists or as it hereafter may be amended, changed or altered, which annual report shall be for the preceding calendar year, and in the case of a special meeting, for the period elapsing since the date of the last annual report.

The provisions of said Section 358 of the Civil Code of the State of California, requiring such annual report to be mailed to the shareholders not later than one hundred and twenty(120) days after the close of the fiscal or calendar year is hereby waived and

dispensed with.

Section 7.04 Rule and Regulations. To adopt, repeal, modify, from time to time change, and enforce all rules and regulations not inconsistent with the laws of the State of California, or with the Articles of Incorporation, or with these by-laws, by the Board deemed essential or desirable for the management or conduct of the Company's business and affairs or the exercise of the Board's powers. Said rules and regulations may, in addition to any other things, provide for and regulate any of the matters in this Article referred to, and authorized to be determined by the Board.

All such rules and regulations adopted by the Board, and any modifications, change or alterations thereof, shall not be effective for any purpose whatsoever, in far as the same may apply to or affect the rights, privileges, obligations and/or duties of any shareholder, until ten (10) days shall elapse after such adoption, modification, change, and/or alteration thereof, and unless during said ten days period, a written copy of the same shall be mailed to each shareholder.

Section 7.05 Transfer Fee. To provide for the payment of a transfer fee, to be fixed by the Board, for the transfer of shares upon the books of the Company.

Section 7.06 Compulsory Exchange of Certificates. To require the respective holders of outstanding share certificates, or of any of such certificates within a period to be fixed by the Board, not less than thirty days from the giving of notice, whenever the Articles of Incorporation have been amended in any way affecting the statements contained in the outstanding share certificates, or whenever it becomes necessary to cancel any outstanding share certificate and issue a new certificate therefor to conform to the rights

of the holder. In any order requiring such surrender and exchange, the Board may provide that no holder of any such certificate ordered to be surrendered shall be entitled to vote or to receive any water or exercise any of the other rights of the shareholders of record until he shall have complied with such order, but such order shall only operate to suspend such rights after notice and until compliance. Notice of such order shall be given in the manner prescribed in these by-laws for notice of meetings of shareholders. Such duty of surrender may also be enforced by action at law; and any shareholder having the ability, or other person having the possession and control, refusing or failing to surrender and exchange any certificate in accordance with the order of the Board shall be liable to the Company for all damages incurred by it from such refusal or failure, including reasonable attorney's fees incurred by the Company, in enforcing such duty.

The power conferred upon the Board in and by this section, shall, in the exercise thereof, be uniformly applied to all shareholders owning or holding similar share certificates, and no share certificate or certificates owned or held by any shareholder shall be required to be surrendered and exchanged for new certificates unless and until the owners or holders of all similar shares have been required to surrender their share certificates for exchange for new certificates.

Section 7.07 Dismissal of Employees. To dismiss any employee (whether regular or temporary) and terminate his employment, regardless of the period of employment, whether express or implied, without liability on the Company, other than for compensation for services actually performed to the time of dismissal and prorated (if that be necessary) at the rate provided for in the contract, or otherwise agreed upon or payable; and regardless of whether so stated in the contract, or at the time of hiring, the power of the Board to dismiss an employee, as herein provided, shall be deemed a part of every employment and every contract of employment, whether

such contract of employment be written or in parole; and no officer, superintendent, or other representative of the Company shall have any authority to employ any person other than upon and subject to the right of the Board to terminate the employment at any time, without liability resulting therefrom.

Section 7.08 Delegation of Powers. To delegate to any zanjero, superintendent or other employee or agent of the Company, the enforcement of the rules and regulations of the Company, and the determination of all matters of an ministerial nature.

Section 7.09 Tolls and Assessments. To fix, and from time to time change, the charges or tolls payable for water furnished, or other services rendered; and to levy collect and enforce assessments against the shares of stock. It shall lie within the power of the Board of Directors to determine what part of the revenue of the Company shall be raised by assessments, and what part by tolls or rates, and what amount or items shall be charged to current operating expense, and what to permanent additions or betterments.

Section 7.09A Use of Stock Assessments. Funds derived from stock assessments shall be used for Capital investment only, namely; Improvements to the water system, development of water; the retirement of the Company's indebtedness, protection of the Company's water rights and improvement of the Capital position of the Company. In no event shall monies derived from stock assessments be used to pay yearly maintenance costs. Provided, however, that by a vote of a majority of the Board of Directors, funds may be borrowed from the assessment fund, for use by the maintenance fund, upon conditions that such funds so borrowed be repaid to the assessment fund with one year.

Section 7.10 Delinquency and Interest. To provide the time when tolls, charges and accounts shall be due, and when delinquent, and for the payment of interest on past due tolls, charges and accounts at the rate not to exceed one and one-half percent (1.5%) per month, 18% annually.

Section 7.11 Suspension of Service. To provide for the suspension of water service and discontinuance of water delivery for a willful and deliberate violation of the rules and regulations, or for failure to pay any charges, tolls, assessments, costs, interest, or other sums payable to the Company, and the time when and the conditions upon which such delivery of service shall be resumed. Such discontinuance shall be solely with respect to the delinquent shares owned by the shareholders.

Section 7.12 Measuring and Diversion Devices. To provide for the installation of the measuring gates, weirs, and meters for turning out or measuring the water to which the respective shareholders may be entitled and that no gate, weir or meter shall be installed or changed without the consent and approval of the Board. Any such appliance shall be under the control of the Company and be deemed a part of the Company's distributing system.

No shareholder, by virtue of the ownership of shares, shall be entitled to connect with the distributing system used by the Company for delivery of water, or to take water therefrom except under and subject to the rules and regulations of the Company pertaining thereto, and the Company reserves and shall have full control over all storing, distributing and measuring appliances, and over all water until it shall pass through the measuring gate, weir, or meter, of the shareholder.

Section 7.13 On and after May 1, 1949, the flat rate system by which

shareholders are charged a specific amount as a monthly rate for an undetermined amount of water, shall be abolished. On and after May 1, 1949, no shareholder shall be furnished water for either domestic or irrigation purposes, from the metal lines of the Company, unless said water is furnished through a meter, whereby the amount of water so furnished shall be measured and charged for, in accordance with rates to be established by the Board of Directors, WITH THE EXCEPTION THAT SUCH SERVICE CONNECTIONS WHERE THERE EXISTS A CONDITION PREVENTING THE USE OF A METER, THE BOARD OF DIRECTORS SHALL ESTABLISH A RATE OR CHARGE, AND AT ANY TIME CHANGE SAID RATE OR CHARGE, SO AS TO BE COMPARABLE TO THE ESTIMATED AMOUNT OF WATER USED BY SUCH SHAREHOLDER. All water furnished shareholders from the non-metallic lines of the Company, which cannot be measured through a meter, shall be measured through a measuring gate, and charged for on the basis of an estimated amount and time used. Charges for such service shall also be established by the Board of Directors.

Section 7.14 Regulation of Irrigation Water Service. To provide, determine and fix, at such time or times, and in such manner as the Board shall determine and to change, any or all of the following with respect to delivery of water, to wit:

- (a) The amount of water available for distribution to the shareholders and the amount apportioned for and to be delivered to each share for any season, year or period of time, provided such apportionment shall be uniform as to each and every share and throughout the district. In making such determination, the Board shall take into consideration all relevant factors, and their determination, if made fairly, impartially and in good faith, shall be conclusive upon each and every shareholder.

- (b) The time when delivery shall begin and end each season or year.
- (c) The notice required for and conditions under which delivery is to be made.
- (d) That any shareholder not taking the water allotted to his shares at the time provided therefor shall forfeit or lose his right to the delivery of that water.

The provisions of this section shall apply only to water intended to be and actually used for irrigation and shall have no application to water intended to be and actually used for domestic purposes.

Section 7.15 Domestic and Irrigation Water. The right of any shareholder to use water for domestic purposes shall be paramount to, and exclusive of, the right of any and all other shareholders to use water for irrigation purposes.

Section 7.16 Extension of Distributing System. To provide and determine the place or places where, and the points to which, the water distributing system, or any other system, service or appliances of the Company shall be extended. The holding of shares of the Company in and of itself shall confer no right upon the shareholder to have any pipe line, water conduit or other appliance of the Company enlarged or extended without the consent of the Board of Directors.

Section 7.17 Installation of Mains. All mains installed in the future shall be placed parallel to a public street or highway, where possible, and shall be placed upon and under the rightofway of said street or highway. This section shall apply to all replacements of present mains.

It is hereby declared to be a policy of the Company not to place new

mains, or replacements of all old mains, on private property unless such be made necessary because of the inability to place the same on or under public right-of-way.

ARTICLE VIII

Section 8.01 Right of Way for Distributing Systems. The Company shall have a permanent and continuing easement and right-of-way in, over and across all highways and streets in the District for the purpose of constructing, relocating, repairing, replacing, remodeling, enlarging, inspecting, maintaining, protecting and operating its water distributing system with all pipes, hydrants, connections and meters and the right once exercised for one or more of said purposes shall not exclude the right to exercise it at some subsequent time for other, or others, of said purposes.

Each shareholder, by applying for or taking service from the Company, confers upon the Company such right-of-way, and consents that the Company may enter upon such highways from time to time at any time for the purpose of exercising such rights, and that cessation of service by or to the shareholder shall not affect or impair said rights.

Section 8.02 Water Service Within District. The Company will maintain within the District, or such parts thereof as the Board shall determine, a water distributing system consisting of pipes with water therein under as nearly uniform pressure as practicable for furnishing water to its shareholders at service connections established pursuant to the rules and regulations of the Company, adopted pursuant to the powers granted in these by-laws.

Service will be rendered only within the District and will be supplied only for use in connection with the occupancy or use of lands within the District.

Section 8.03 Use Restricted to District. All water received from and delivered by the Company at any time shall be used solely and exclusively upon lands lying within the District as the same subsists at such time.

No shareholder or other person shall transport or take, or have any right to transport or take, or have the right to transport or take, water supplied by the Company without the District, for use upon lands lying without the District, or for use without the District, and the Company may withhold delivery of any water because of its use, or threatened use without the District.

Section 8.04 Apportionment of Water. The water of the Company available for delivery shall be apportioned equally among the shares, so that during the given period of time each share shall receive the same amount of water as every other share; but if any consumer fails to draw the full amount apportioned to the shares furnishing the service to that consumer the right to any apportioned water not drawn shall be waived, and such water may be apportioned among the other consumers, subject always to payment of tolls and the rules of the Company.

Section 8.04A Moratorium on New Meter Installation. The Board of Directors shall have the power to set a moratorium on new meter installation during emergency drought conditions. Said emergency to be determined and verified by Engineering Reports or other authorized reports or recommendations.

Section 8.05 Water Service. No one share shall entitle a consumer to service at more that one place or through more than one service connection. Water shall not be served to more than one land owner through a single meter.

Section 8.06 Share Requirements for Service. No water service shall be supplied by the Company to any person owning or holding less than one share of the Company's stock, nor shall water be served to any shareholder through more than one connection (whether metered or otherwise) for each share of the Company's stock owned or held by such shareholder.

Section 8.07 Issuance and Ownership of Stock, Substitution and Amendment. The Board of Directors shall cause to be issued as soon as possible, 100 additional shares of Capital Stock of the Company; said shares shall be immediately offered for sale, for not less than the par value of \$200.00 per share, on such terms as the Board may authorize, providing that same terms are available to all purchasers of land in the Devore Tract, who are not shareholders of Company stock as of this date, January 13, 1950; shall have for a period of not less than 30 days from date stock is available for sale, a prior right to purchase said stock. After the 30 day period, the remainder of unsold shares shall be offered for sale to the present shareholders. The sale of said shares shall be limited in number, so that no person or persons shall be permitted to purchase shares of stock from this issue so as to acquire or to increase the ownership of, more than one share of stock per acre of land owned by said purchaser, except to such record owners of land, or bonafide purchasers of land, having dimensions of less than one acre then such person or persons shall be permitted to purchase one share of stock provided, the Board shall prohibit the issuance of fractional shares of stock, except for the purpose of adjusting fractions in

relation to the present ownership of stock, so as to eliminate future fractional shares. The shares of stock referred to herein shall be appurtenant to the land of the Devore Tract.

Section 8.08 Ownership of Less Than One Acre. Nothing contained in these by-laws shall be construed to prevent a person owning less than one acre of land in the District from owning and acquiring one share of stock for such portion of acre, in which event he shall be entitled to receive water upon the basis of the ownership of one share of stock.

Section 8.09 Court Action. If, in the opinion of the President, or the Board of Directors, an action should be filed in any Court, against a shareholder or shareholders of the Company, or any person, persons, or corporation, for any reason whatsoever, the complaint covering such action, as drawn, and to be filed with the Clerk of said Court, may be filed without prior approval of the Shareholders entitled to exercise a majority of the voting power of the Company. However, the shareholders must be notified within ten days of any court action taken by the Board of Directors. In the event of any such action, a special meeting of the Shareholders shall be called as soon as practical so that the shareholders may be fully informed concerning such action.

At the Annual Shareholders Meeting held January 25, 1991, amendments were made to by-laws 2.02, 2.15, 3.12, 7.05, 7.10, 8.04A and 8.09.