

**BY-LAWS
OF
MESA DEL TORO MUTUAL
WATER COMPANY, INC.
(A Nonprofit Mutual Benefit Corporation)
Adopted 06/22/2023**

ARTICLE I NAME AND LOCATION

The name of the corporation is MESA DEL TORO MUTUAL WATER COMPANY, INC., a California nonprofit mutual benefit corporation, hereinafter referred to as the “Corporation”. The principal office of the Corporation shall be located at 27845 Mesa del Toro Road, Salinas, California, but meetings of shareholders/members and directors may be held at such places within the State of California, County of Monterey, as may be designated by the Board of Directors, within a distance of not more than five (5) miles from said principal office of the Corporation.

ARTICLE II PURPOSES

The Corporation’s purposes are:

1. To provide domestic water facilities and services to all owners of the real property described in Article III on a cost sharing basis with costs to be shared among the owners.
2. To have and exercise all rights and powers from time to time granted to a corporation by law.

ARTICLE III AREA TO BE SERVED

Section 1. Area to be Served: The Corporation shall provide domestic water service to all owners of the real property described in the Articles of Incorporation of the Corporation, as amended, who shall all be owners of shares in the Corporation. All shareholders shall also be members of the Corporation.

Section 2. No Further Subdivision of the Area to be Served: The area to be served is subdivided into 35 lots. It is contemplated that the area to be served will not thereafter be further subdivided. See Exhibit A for accessor parcel numbers (APN) for said 35 lots.

Section 3. Further Expansion of the Area to be Served: The area to be served shall not be expanded beyond its initial limits, except upon the vote or written assent of 80% of the voting power of the Corporation.

Section 4. Water Wells. The Corporation will provide water from its well(s) to all 35 shareholders. Corporation will maintain and inspect said well(s) annually for life expectancy. No personal wells will be allowed within Area to be Served (See Section 1 above). No property within the Area to be Served (See Section 1 above) will be allowed to lease land to an outside agency for the purpose of extracting water.

Section 5. Limitation on Services: The Corporation shall supply water services only to owners of shares in the Corporation, except as provided in Section 14300 of the California Corporations Code.

Section 6. Sale, Merger, Partnership, or Otherwise: Notwithstanding any other provision of these Bylaws, the Corporation may not agree, directly or indirectly, through sale, merger, partnership, or otherwise, to become part of another water system or company, or to consolidate its area to be served (as described above in Section 1) with another system or company without first obtaining the vote of at least 80% of the voting power of the Corporation.

ARTICLE IV SHARES/VOTING

Section 1. Number of Shares. The number of shares in the Corporation shall be 35. One share shall be issued to each owner of record for each of the 35 lots. The subdivision of the area to be served is defined in the Amendments to the Articles of Incorporation, filed August 24, 1981, with the California Secretary of State. The holder(s) of each share shall be a member of the Corporation.

Section 2. Additional Shares. Additional shares shall be authorized and issued to the owners of the real property in any expanded service area, provided that the shares are issued in such number as to establish a reasonable relationship between the number of shares issued and the area or number of connections to be served.

Section 3. No Fractional Shares. The Corporation shall issue no fractional shares.

Section 4. Shares Appurtenant to Land. The shares of the Corporation shall be appurtenant to the lands owned by the persons to whom the shares are issued within the area to be served as described in the share certificate and shall only be transferred therewith, as provided by Section 14303 of the California Corporations Code (the "Corporations Code").

Section 5. Share Certificates. A certificate evidencing ownership of shares in the Corporation shall be issued to the owner(s) of the land to which the shares are appurtenant. Said certificate shall describe generally the land to which the shares are appurtenant. Said certificate shall become void and of no legal effect immediately upon the persons named therein ceasing to be record owner(s) of the land described therein.

Section 6. When the certificate is so issued, and a certified copy of the Articles or Bylaws of the Corporation are recorded in the office of the county recorder of Monterey County, the shares of the Corporation shall become appurtenant to the lands and shall only be transferred therewith but may be forfeited for delinquent assessments thereon as provided in Section 14303 of the Corporations Code, as limited by these Bylaws.

Section 7. The right to receive water or dividends may be denied on any shares of the corporation that have been issued and made appurtenant to any land which becomes delinquent in the payment of assessments and such shares shall be forfeited to the Corporation.

Section 8. The voting rights of this Corporation shall be one vote allowed for each lot/share (a total of 35 votes).

Section 9. Ballot voting. Voting for any type of rate adjustment, election of board member at annual meeting, and bylaw changes and revisions must be done by ballot (not a hand vote).

Section 9. Proxies, Absentee Ballots and Polling Place Balloting: Voting by proxy shall be permitted. Proxy voting shall require a written dated statement from shareholder that will not be

in attendance, specifying name of proxy, voting instructions and signature. Member votes may be cast by 1) mail in absentee ballot with written notice in accordance with the requirement of providing notice at an annual meeting or special meeting, or 2) by casting written ballots at a polling place designated by the board of directors with written notice in accordance with the requirement of providing notice for an annual meeting or special meeting.

Section 10. Electronic Meetings: Corporation business shall be conducted in person or participate in electronic meetings by Teleconference and/or Telephone when a State of Emergency has been declared or when the President has obtained written consent (email or by hand) by every Executive Board Member. The electronic meetings of the Corporation shall be subject to all rules as stated in these bylaws. When a Teleconference is being conducted, an Internet Platform such as Zoom will be utilized. The following criteria must be met:

- The Secretary shall send a notice to every member to include meeting instructions: the URL and code necessary to connect to the Internet meeting service, the phone number for audio connection to participate by phone and a copy of the link.
- The President and Secretary must have access to a control panel which enables them to perform their duties during the meeting, such as ensuring the text of the pending motion is properly displayed, assigning the floor to a member, opening and closing the polls for taking a vote, etc.
- Each participant must use their own computer or device with audio, speakers and microphone..
- The list of participants in the meeting must be visible and identified with proper name.
- The presence of a quorum shall be established.
- Minutes will be taken as if meeting in person.

ARTICLE V RATES, ANNUAL BUDGET, BILLING, and ASSESSMENTS

Section 1. General. The Corporation is a mutual water company and shall provide water services to its shareholders at actual cost-plus necessary expenses and improvements.

Section 2. Rate Structure. The Corporation shall establish and maintain a rate structure (see Section 3, below) which will result in the accumulation and maintenance of a fund for the replacement of its facilities and bear a reasonable relationship to the cost of providing its services. Any change in the rate structure will be presented to all shareholders and will be voted on by ballot at the annual meeting. Unimproved land within the area to be served shall bear an appropriate share of the costs of maintaining the system.

Section 3. Annual Budget. (a) As required by Section 14306 of the Corporations Code, the Board of Directors shall annually, in an open meeting on or before the start of the Corporation's fiscal year, prepare and adopt a budget for the forthcoming year setting forth the anticipated costs of operating and maintaining the Corporation's facilities, including the accumulation of the replacement reserve. The rate structure and annual budget for the forthcoming year shall then be adopted by the Corporation.

(b) The Corporation shall make the budget available to eligible persons, as defined in Article X, Section 4.1, within 30 days after the meeting at which the budget was adopted. The budget shall be provided to any eligible person upon request and upon reimbursement of the Corporation's costs for preparing a copy.

(c) The Board of Directors shall contract with a certified public accountant or public accountant to prepare the annual state and federal tax return. An audit or financial review could be performed at the board's request.

(d) Eligible persons for this purpose are the same as those described in Article X, Section 4.1 of these Bylaws.

Section 4. Billing. All billing will be prepared and sent monthly for water meter usage fees, at the current adopted rate structure. A discount for a MAJOR water leak will be allowed at 50%, one time per calendar year per shareholder (Determined by comparing average monthly water usage). The discount will be for water usage only. Billing will only be sent to shareholders/owners; it will not be sent to renters or occupant(s). The bill is due and payable within two weeks of receiving the monthly invoice. If the bill is not paid in full each month, a late charge will be added.

Section 5. Assessment. The Corporation may, upon the affirmative vote or written approval of 40% of the voting power of the Corporation, levy special assessments for major repairs or replacements of its facilities, or for capital improvements, which assessments may be enforced as provided in Section 14303 of the Corporations Code. When such assessment invoiced, invoices will go directly to the shareholder/owner; it will not be sent to renters or occupant(s).

ARTICLE VI WATER METERS/LINES, CROSS CONNECTION CONTROL PROGRAM,
FIRE EQUIPMENT, PRESSURE REDUCING VALVES, AND PROPERTY
IMPROVEMENTS

Section 1. Water Meters. As of 05/01/2021 Corporation is responsible for water meters. Water meters will be checked and repaired or replaced as necessary. No alteration to a meter may occur at any time.

Section 2. Water Lines. Each shareholder is responsible for the water lines starting at beyond the meter to their home/yard. The Corporation is responsible for the water lines from the wells to the storage tanks and then from the storage tanks to each shareholder's meter. Any modification or changes before the meter (by shareholders) must have board approval prior to any work being done.

Section 3. Cross Connection Control Program. A Cross Connection Control Program was adopted on 03/02/2022. (Please see your binder for complete program.) Each shareholder will complete an annual questionnaire and have an on-premises system inspection every three years. If an owner is proposing any changes to their property notification must be made to water board, please refer to Section 4 above.

Section 4. Fire Hydrants/Fire Equipment. Monterey County Regional Fire District advocates that community water companies should not have personal hydrants or wharf hydrants on individual property where community hydrants are available. Therefore, personal hydrants and/or wharf hydrants must be approved by board of directors prior to installation. There are multiple fire hydrants throughout the community.

The Corporation has purchased emergency fire equipment (hose, nozzles, etc.) that are located in a locked box(es) near fire hydrant(s). Only shareholders that have attended a fire equipment safety training are allowed to use this equipment.

No shareholder may hook up their personal fire equipment to any hydrant(s).

Section 5. Pressure Reducing Valves: Pressure reducing valves may be needed at certain shareholder homes. Pressure reducing valves are the sole responsibility of the shareholder.

Section 6. Property Improvements. Each lot is allowed one auxiliary dwelling unit (granny house, tiny house, etc.). When a proposed change occurs at a property, (auxiliary dwelling unit, fence, barn, landscaping, pool, hot tub, etc.) please notify the board two weeks prior to any digging/construction. The Corporation is not listed with 811 (Call Before You Dig) to identify water lines, therefore the Corporation or the Corporations hired contractor will assist in identifying water lines, valves, etc. If this procedure is not followed the shareholder(s) will be responsible for any repairs that are needed and might be responsible for a monetary fine.

ARTICLE VII MEETINGS OF SHAREHOLDERS/MEMBERS

Section 1. Annual Meetings. The Annual Shareholders' meeting shall be held each year within 90 days after the filing by the Corporation of its year-end tax returns. The meeting must take place by July 15 of each year.

Section 2. Special Meetings. Special meetings of the shareholders may be called at any time by the president or by the Board of Directors, or upon written request of shareholders.

Section 3. Notice of Meetings. Written notice of each meeting of the shareholders shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing or emailing a copy of such notice, postage prepaid first-class mail, at least ten (10) days but not more than 90 days before the meeting to each shareholder entitled to vote there at, addressed to the shareholder's address last appearing on the books of the Corporation, or supplied by such shareholder to the Corporation for the purpose of notice. Such notice shall specify the place, date, and hour of the regular meeting and the agenda, showing those items the Board of Directors knows, at the time of mailing the notice, will be considered at the meeting. In the case of a special meeting, the notice must state the general nature of the business to be transacted at the meeting.

Section 4. Quorum. The presence at the meeting of shareholders entitled to cast 40% of the voting power of the Corporation shall constitute a quorum (14 shareholders/members) for any action except as otherwise provided in the Articles of Incorporation, or these Bylaws. If, however, such quorum shall not be present at any meeting, the shareholders entitled to vote thereat shall have power to adjourn the meeting from time to time without notice other than announcement at the meeting, until a quorum as aforesaid shall be present.

Section 5. Proxies. Proxies shall be allowed either for voting or for determining a quorum. Proxy voting shall require a written dated statement for shareholder that will not be in attendance, specifying name of proxy, voting instructions and signature.

ARTICLE VIII BOARD OF DIRECTORS: SELECTION/TERM OF OFFICE

Section 1. Number. The affairs of this Corporation shall be managed by a board of five (5) directors, each of whom needs to be a shareholder/member of the Corporation. No more than one board member per lot/share may serve on the board at any given time.

Section 2. Term of Office. All director's terms of office are staggered. Each director will serve for a (5) Year term. One director will be elected each year. As each director's term ends a vacancy will occur on the board to be filled as described in Article IX. A board member may serve 2 terms, take a year break, then be nominated to serve again.

Section 3. Removal. Any director may be removed from the board, with cause, by majority vote of the voting power of the Corporation.

Section 4. Compensation. No director shall receive compensation for any service rendered to the Corporation. However, any director will be reimbursed for actual expenses incurred in the performance of their duties.

Section 5. Action taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting, by obtaining the written approval of all directors. Any action so approved shall have the same effect as a unanimous vote taken at a meeting of the directors.

ARTICLE IX NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. The current Board of Directors will make a nomination(s) and nominations may also be made from the floor at the annual meeting to fill the vacancy(ies) on the board. Such nominations must be made by shareholders; all persons nominated must be shareholders.

Section 2. Election. Election to the Board of Directors shall be by written ballot. At such election the shareholders may cast one vote, in respect to each vacancy or as many votes as they hold shares in the Corporation. The persons receiving the largest number of votes shall be elected.

Section 3. Vacancy Seat. Upon removal, resignation or death of a director, the board shall appoint that vacancy for the remainder of that term.

ARTICLE X MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the board of directors shall be held at least quarterly or when deemed necessary. Notice will be sent by email, mail or phone call to each shareholder at least seven (7) days before said meeting with the meeting agenda.

Section 2. Special or Emergency Meetings. Special or emergency meetings of the board of directors shall be held when called by any director, to be held within 24 hours, by phone, email or in person.

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the board.

Section 4. Open Meetings.

4.1 As used in these Bylaws, “eligible person” means a person who is any of the following:

- (A) A shareholder or member of the Corporation.
- (B) A person who is an occupant, pursuant to a lease or a rental agreement, a dwelling unit to which the Corporation sells, distributes, supplies, or delivers drinking water.
- (C) An elected official of a city or county who represents people who receive drinking water directly from the Corporation on a retail basis.
- (D) Any other person eligible to participate in the Corporation’s meetings under provisions of the company's articles or bylaws.

4.2 Eligible persons shall be given notice of the time and place of a meeting except for an emergency meeting, at least four days prior to the meeting. Notice shall be given by posting the notice in a prominent, publicly accessible place or places within the territory served by the Corporation and by mail to any eligible person who had requested notification of board meetings by mail, at the address requested by the eligible person. Eligible persons requesting notice by mail shall pay the costs of reproduction and mailing of the notice in advance. Notice may also be given by mail, by delivery of the notice to each unit served by the Corporation or, with the consent of the eligible person, by electronic means. The notice shall contain the agenda for the meeting.

4.3 As provided in Section 14305 of the Corporations Code, and notwithstanding any other law, the Board of Directors may use teleconferencing to provide any eligible person access to the meeting that otherwise would be denied attendance at a meeting of the board for failure to provide the notice specified in Section 4.1 above to the board, or because the number of eligible persons having already provided notice of attendance exceeds the room capacity of the place of the meeting. The teleconferenced meeting or proceeding shall comply with all applicable provisions of law relating to a specific type of meeting or proceeding conducted by a mutual water company. If the board uses teleconferencing, the board shall provide to an eligible person

attending a meeting by teleconference, before the meeting begins, an electronic copy or photocopy of all documents not related to an executive session to be discussed at the meeting.

4.4 The Board of Directors shall not prohibit an eligible person from attending a meeting of the board either in person, so long as the eligible person has complied with the notice requirement of Section 4.1, or by teleconference, unless the board is meeting in executive session. The board of directors may allow an eligible person to attend the meeting personally in lieu of using teleconferencing pursuant to this paragraph.

4.5 The Board of Directors shall meet in executive session, if requested by a member or shareholder who may be subject to a fine, penalty, or other form of discipline, and the member or shareholder shall be entitled to attend the executive session.

4.6 The Board of Directors shall only meet in executive session during a meeting. The board may prohibit an eligible person from attending an executive session to consider pending or potential litigation, matters relating to the formation of contracts with third parties, including matters relating to the potential acquisition of real property or water rights, member or shareholder discipline, personnel matters, or to meet with a member or shareholder, upon the member or shareholder's request, regarding the member or shareholder's payment of assessments.

4.7 An eligible person shall be entitled to attend a teleconference meeting, or the portion of the teleconference meeting that is open to eligible person(s) and shall be entitled to attend with or without fulfilling the notice requirement in Section 4.1. The teleconference meeting or portion of the meeting that is open to eligible persons shall be audible to the eligible person in a location specified in the notice of the meeting.

4.8 Any matter discussed in executive session shall be generally noted in the minutes of the meeting at which the executive session occurred.

4.9 The minutes proposed for adoption that are marked to indicate draft status, or a summary of the minutes, of any meeting of the Board of Directors, other than an executive session, shall be available to eligible persons within 30 days of the meeting. The minutes, proposed minutes, or summary minutes shall be provided to any eligible person upon request and upon reimbursement of the Corporation's costs for providing the minutes.

4.10 An emergency meeting of the board may be called by any director, if there are circumstances that could not have been reasonably foreseen which require immediate attention and possible action by the board, and which of necessity make it impracticable to provide notice as required by these bylaws and the statute.

4.11 The Board of Directors shall permit any eligible person to speak at any meeting of the Corporation or of the board, except for any portion of a meeting that is held in executive session outside the presence of eligible persons. A reasonable time limit for all eligible persons to speak to the board or before a meeting of the Corporation shall be established by the board.

4.12 The Board of Directors shall not discuss or take action on any item at a nonemergency meeting unless the item was placed on the agenda included in the notice that was posted and distributed prior to the meeting but an eligible person who is not a member of the board may speak on issues not on the agenda.

4.13 Notwithstanding the requirement that all matters to be considered at the meeting must be included in the notice of meeting, a member of the Board of Directors, officers of the Corporation and a member of the staff of the Corporation may briefly respond to statements made or questions posed by a person speaking at a meeting, ask a question for clarification, make an announcement, or make a brief report on his or her own activities, whether in response to questions posed by an eligible person or based upon his or her own initiative, and the Board of Directors may provide a reference to, or provide other resources for factual information to, the Corporation's officers or staff, request the Corporation's officers or staff to report back at a subsequent meeting concerning any matter, or take action to direct the Corporation's officers or staff to place a matter of business on a future agenda or direct the Corporation's officers or staff to perform administrative tasks that are necessary to carry out the requirements stated above.

4.14 Notwithstanding the requirement that all matters to be considered at the meeting must be included in the notice of meeting, the Board of Directors may take action on any item of business not appearing on the agenda posted and distributed if (i) a majority of the board determines that an emergency situation exists or ii) upon a determination made by the board by a vote of two-thirds of the members present at the meeting, or, if less than two-thirds of total membership of the board is present at the meeting, by a unanimous vote of the members present, that there is a need to take immediate action and that the need for action came to the attention of the board after the agenda was posted and distributed, or (iii) the item appeared on an agenda that was posted and distributed for a prior meeting of the board that occurred not more than 30 calendar days before the date that action is taken on the item and, at the prior meeting, action on the item was continued to the meeting at which the action is taken. Before discussing any item pursuant to this paragraph, the board shall openly identify the item to the board members in attendance at the meeting.

4.15 Notwithstanding any other law, the Board of Directors shall not take action on any item of business outside of a meeting and shall not conduct a meeting via a series of electronic transmissions, including, but not limited to, electronic mail, except that electronic transmissions may be used as a method of conducting an emergency meeting if all members of the board, individually or collectively, consent in writing to that action, and if the written consent or consents are filed with the minutes of the meeting of the board. These written consents may be transmitted electronically.

4.16 An eligible person may bring a civil action for declaratory or equitable relief for a violation of Section 14305 of the Corporations Code by the Corporation, for a judicial determination that an action taken by the board is null and void under that section. Prior to the commencement of such action, the eligible person shall make a demand on the board to cure or correct the action alleged to be taken in violation of this section. The demand shall be in writing and submitted within 90 days from the date the action was taken. The demand shall state the challenged action

of the board and the nature of the alleged violation. The timeframes specified in Section 14305(k) of the Corporations Code shall apply.

4.17 A board action that is alleged to have been taken in violation of Section 14305 of the Corporations Code shall not be determined to be void if the action taken was in substantial compliance with that section.

ARTICLE XI POWER AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The board of directors shall have power to:

- (a) Suspend the voting rights and rights to receive water services of a shareholder during any period in which such shareholder shall be in default in the payment of any service charge or assessment levied by the Corporation.
- (b) Exercise for the Corporation all powers, duties and authority vested in or delegated to this Corporation and not reserved to the shareholders by other provisions of these Bylaws, or the Articles of Incorporation.
- (c) Declare the office of a member of the board to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the board of directors.
- (d) Declare the office of a member of the board to be vacant in the event such member has been declared of unsound mind by a final order of court or convicted of a felony. In the events of death, resignation, or removal of a director, his successor shall be selected as provided in Article IX of these bylaws.
- (e) Employ an independent contractor, as deemed necessary, and to prescribe their duties; provided, however, that the compensation paid to such independent contractor, shall be reasonable, and not exceed that being paid to others performing similar services in Monterey County, California.

Section 2. Duties. It shall be the duty of the board of directors to:

- (a) Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the shareholders/members at the annual meeting of the shareholders/members, or at any special meeting when such statement is requested in writing by 40% of the voting power of the Corporation.
- (b) As more fully provided in these Bylaws, to:
 - 1. Fix the annual budget and rate structure in advance of each operating year;
 - 2. Send written notice of adopted rates to every shareholder subject thereto at least thirty (30) days in advance of their effect.
 - 3. Procure and maintain adequate liability and hazard insurance on property owned by the Corporation.
- (c) Each board member shall, within six months of taking office, complete a two-hour course offered by a qualified trainer (as described in subdivision (a) of Section 116755 of the Health and Safety Code) regarding the duties of board members of a mutual water company including, but not limited to, the duty of a director to avoid contractual conflicts of interest and fiduciary duties, the duties of public water systems to provide clean drinking water that

complies with the federal Safe Drinking Water Act and the applicable California regulations, and long-term management of a public water system. A board member shall repeat this training every six years.

Section 3. Indemnification.

(a) To the fullest extent permitted by law, this Corporation shall indemnify its directors and officers, and may indemnify employees and other persons described in Corporations Code Section 7237(a), including persons formerly occupying any such positions, against all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred by them in connection with any "proceeding," as that term is used in Section 7237(a), and including an action by or in the right of the Corporation, by reason of the fact that the person is or was a person described in Section 7237(a). "Expenses," as used in this Section, shall have the same meaning as in Section 7237(a) of the Corporations Code.

(b) On written request to the Board by any person seeking indemnification under Corporations Code Section 7237(b) or 7237(c), the Board shall promptly decide under Corporations Code Section 7237(e) whether the applicable standard of conduct set forth in Corporations Code Section 7237(b) or 7237(c) has been met and, if so, the Board shall (in the case of directors and officers), or may (in the case of employees and other persons described in Corporations Code Section 7237(a)), authorize indemnification. If the Board cannot authorize indemnification, because the number of directors who are parties to the proceeding 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 Corporations Code Section 7237(e) whether the applicable standard of conduct has been met and, if so, the members present at the meeting shall (in the case of directors and officers) or may (in the case of employees and other persons described in Corporations Code Section 7237(a)), authorize indemnification.

(c) To the fullest extent permitted by law and except as otherwise determined by the Board in a specific instance, expenses incurred by a person seeking indemnification under the above provisions of these Bylaws in defending any proceeding covered by those provisions shall be advanced by the Corporation before final disposition of the proceeding, on receipt by the Corporation of an undertaking by or on behalf of that person that the advance will be repaid unless it is ultimately found that the person is entitled to be indemnified by the Corporation for those expenses.

(d) No provision made by this Corporation to indemnify its directors or officers for the defense of any proceeding, whether contained in the Articles of Incorporation, these Bylaws, a resolution of members or directors, an agreement or otherwise, shall be valid unless consistent with this Section. Nothing contained in this Section shall affect any right to indemnification to which persons other than directors and officers may be entitled by contract or otherwise.

(e) No indemnification or advance shall be made under this Section, except as provided in Sections 7237(d) or 7237(e)(3) of the Corporations Code, in any circumstance where it appears:

(1) that it would be inconsistent with a provision of the Articles of Incorporation, these Bylaws, a resolution of the members, or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred, or other amounts were paid, which prohibits or otherwise limits indemnification; or

(2) that it would be inconsistent with any condition expressly imposed by a court in approving a settlement.

Section 4. Insurance. This Corporation shall have the right, and may, to the full extent permitted by law, to purchase and maintain insurance on behalf of its officers, Directors, and other agents of the Corporation against any liability asserted against or incurred by any officer, Director, or agent in such capacity or arising from the officer's, Director's, or agent's status as such, whether or not this Corporation would have the power to indemnify the agent against that liability under the provisions of Article XI, Section 3 above.

ARTICLE XII OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of this Corporation shall be a president, vice president, a secretary and/or a treasurer who shall at all times be members of the board of directors, and such other officers as the board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the board of directors following each annual meeting of the shareholders.

Section 3. Officer Term. The officers positions of this Corporation shall be elected annually by the board, and each shall hold that office for a one (1) year term unless he/she shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Resignation and Removal. Any officer may be removed from office with or without cause by the board. Any officer may resign at any time giving written notice to the board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 5. Vacancies. A vacancy in any office may be filled by appointment by the board. The officers appointed to such vacancy shall serve for the remainder of the term of the officer being replaced.

Section 6. Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 7. Duties. The duties of the officers are as follows:

President: The president shall preside at all meetings of the board of directors; shall see that orders and resolutions of the board are carried out; shall sign all leases, mortgages, deeds, contracts and other written instruments.

Vice President: The vice president shall act in the place and stead of the president in the event of absence, inability, or refusal to act, and shall exercise and discharge such other duties as may be required by the board.

Secretary: The secretary shall record the votes and keep the minutes of all meetings and proceedings of the board and of the shareholders; keep the corporate seal of the Corporation and affix it on all papers requiring said seal; serve notice of meetings of the board and of the shareholders; keep appropriate current records showing the shareholders of the Corporation together with their addresses, and shall perform such other duties as required by the board. The Secretary shall, whenever there is a conveyance of property to which the stock of the Corporation is appurtenant, upon exhibition to him or her of a deed duly recorded, or the

necessary court order duly recorded, to transfer ownership of the land, issue to the grantee named in the conveyance a new certificate of stock for the number of shares appurtenant to the land as shown by the books and records of the Corporation, and shall enter the name of the grantee upon the books of the Corporation as the owner of the shares of stock and shall cancel on the books the number of former shares of stock so appurtenant to the land in the name of the grantor or of any previous owner of the land, or of any other person. The secretary shall provide to each shareholder (when deed/title transferred to new owner) a binder that contains the current By-Laws, current Rate Structure, Board of Directors, Share Certificate, and Cross Connection Control Program. Any updates made to said documents shall be distributed to all shareholders at the Annual Meeting, or by hand delivery, email, or USPS.

Treasurer: The treasurer shall receive and deposit in appropriate bank accounts all monies of the Corporation and shall disburse such funds as directed by resolution of the board of directors; shall sign all checks and promissory notes of the Corporation; keep proper books of account; cause an annual operating statement reflecting income and expenditures of the Corporation to be prepared for each fiscal year, a copy of which shall be distributed to each shareholder within ninety days after the end of the fiscal year.

ARTICLE XIII RECORDS AND BOOKS

The books, records, and papers of the Corporation shall at all times, during reasonable business hours, be subject to inspection by any member. The Articles of Incorporation and the Bylaws of the Corporation shall be available for inspection by any member at the principal office of the Corporation, where copies may be purchased at reasonable cost. The pro forma budget required in Section 14306 shall be available to eligible persons within 30 days of the meeting at which the budget was adopted. The budget shall be provided to any eligible person upon request and upon reimbursement of the Corporation's costs.

ARTICLE XIV AMENDMENTS

Section 1. Except as otherwise provided, these Bylaws may be amended at annual or special meeting with the written approval of specified quorum (Article VII, Section 4) of shareholders by ballot vote.

Section 2. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control.

ARTICLE XV MISCELLANEOUS

The fiscal year of the Corporation shall begin on the first day of January and end on the 31st day of December of every year, except the first fiscal year shall begin on the date of incorporation.

In, WITNESS WHEREOF, we, being all the directors of the MESA DEL TORO MUTUAL WATER COMPANY, INC. have hereunto set our hands this _____ day of _____, 20____, acknowledging that these amended By-Laws have been duly adopted by the members as required in Article XIV, Section 1.

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting secretary of the MESA DEL TORO MUTUAL WATER COMPANY, INC., a nonprofit mutual benefit corporation; and THAT the foregoing Bylaws constitute the Bylaws of said Corporation, as duly adopted at a meeting of the members thereof, held on the _____ day of _____, 20____.

Secretary

EXHIBIT A

<u>APN Number</u>	
1.	416-404-013-000
2.	416-404-011-000
3.	416-403-042-000
4.	416-403-036-000
5.	416-403-020-000
6.	416-402-009-000
7.	416-404-012-000
8.	416-404-004-000
9.	416-403-021-000
10.	416-404-014-000
11.	416-403-038-000
12.	416-404-008-000
13.	416-404-006-000
14.	416-403-027-000
15.	416-404-007-000
16.	416-403-018-000
17.	416-404-015-000
18.	416-404-005-000

<u>APN Number</u>	
19.	416-403-023-000
20.	416-403-026-000
21.	416-403-022-000
22.	416-403-044-000
23.	416-403-035-000
24.	416-404-010-000
25.	416-403-017-000
26.	416-404-009-000
27.	416-403-024-000
28.	416-403-019-000
29.	416-403-025-000
30.	416-403-028-000
31.	416-382-015-000
32.	416-403-008-000
33.	416-403-007-000
34.	416-403-032-000
35.	416-403-031-000