

**RESTATED BYLAWS**  
**OF**  
**WALNUT PARK MUTUAL WATER COMPANY**  
**a California corporation**

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These restated bylaws of the Walnut Park Mutual Water Company (“**Corporation**”) are intended to amend and restate the Corporation’s bylaws, which were last amended by the Corporation’s board of directors (“**Board**”) on May 19, 2014. On March 18, 2024, these bylaws were further amended and restated by the Board, as authorized under Article XVIII of the bylaws *before* this 2024 restatement (these restated bylaws, as amended from time to time, the “Bylaws”).

**ARTICLE I. OFFICES, PURPOSE, AND APPLICABLE LAW**

**Section 1. Principal Office.** The Corporation’s principal office, and the location of all records of the Corporation, is 2460 E. Florence Avenue in Walnut Park, California 90255, or such other location as the Board may establish from time to time.

**Section 2. Purpose.** These Bylaws provide regulations for the Corporation. The Corporation was organized to provide water for domestic purposes to shareholders. As such, the Corporation’s primary objective is to acquire water rights, establish and operate a water system, and to distribute water, without pecuniary gain or profit, to the shareholders of the Corporation. A water system is defined as the wells, pumps, controls, storage tanks, land, easements, water distribution system, and any other items necessary to provide domestic water to shareholders.

**Section 3. Federal Tax-Exempt Status.** The Corporation is a 501(c) (12) tax-exempt corporation, which operates as a not-for-profit mutual water company under California law and does not come under the jurisdiction of the California Public Utilities Commission. Notwithstanding any other provisions of these Bylaws, the Corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that do not further the purposes of the Corporation and shall not carry on any other activities that are not permitted to be carried on by a corporation exempt from federal income tax under Section 501(c) of the Internal Revenue Code.

**Section 4. Tax-Exempt Filings.** The Corporation’s Board shall cause to be timely filed annual elections and applications for tax-exempt status as may be required under federal or state law and shall undertake to cause the Corporation to comply with the statutes, rules and regulations which have been, or shall be, adopted by federal and state agencies pertaining to such exemptions.

**Section 5. Fiscal Year.** The Corporation operates on a fiscal year starting January 1 of each year and ending on December 31 of the following year.

**Section 6. Corporate Seal.** If the Corporation elects to maintain a corporate seal, it shall consist of the following words, “Walnut Park Mutual Water Company, Incorporated April 30, 1914, Los Angeles, California.”

## ARTICLE II. MEETING OF SHAREHOLDERS

**Section 1. Place of Meetings.** Meetings of shareholders shall be held at such location within the Corporation's Service Area (defined in Section 5(b) of Article VIII, below) as designated by the Board. In the absence of any such designation, shareholders' meetings shall be held at the principal office of the Corporation.

**Section 2. Annual Shareholders' Meeting.** The annual meeting of shareholders shall be held each year on the third Monday in June at 11:30 a.m. at such location as the Board may designate from time to time. At each annual shareholders' meeting, directors shall be elected upon expiration of their terms as provided under Section 3 of Article III, below, and any other proper business may be transacted.

**Section 3. Special Shareholders' Meeting.** A special meeting of the shareholders may be called at any time by the Board, the Chairman of the Board, the President, or by one or more shareholders holding shares in the aggregate entitled to cast not less than ten percent (10%) of the votes.

Upon request in writing to the Corporation addressed to the Chairperson of the Board, President, Vice President, or Secretary from any person (other than the Board) entitled to call a special meeting of shareholders, the officer immediately must cause notice to be given to the shareholders entitled to vote that a meeting will be held at a time requested by the person or persons calling the meeting, not less than (thirty-five) 35 nor more than (sixty) 60 days after receipt of the request; provided, however, that the person requesting the special meeting shall attempt to call that meeting so it is conducted during normal business hours in order to minimize the costs the Corporation incurs in connection with that meeting. If the notice is not given within (twenty) 20 days after receipt of the request, the persons requesting the meeting may give the notice. Nothing contained in this paragraph of this Section 3 shall be construed as limiting, fixing, or affecting the time when a meeting of shareholders called by action of the Board may be held.

### **Section 4. Notice of Shareholders' Meetings.**

- (a) All notices of meetings of shareholders shall be sent or otherwise given in accordance with Section 5 of this Article II not less than ten (10) nor more than sixty (60) days before the date of the meeting. The notice shall specify the place, date, and hour of the meeting and (i) in the case of a special meeting, the general nature of the business to be transacted, or (ii) in the case of the annual meeting, those matters which the Board, at the time of giving the notice, intends to present for action by the shareholders. The notice of any meeting at which directors are to be elected shall include the names of nominees intended at the time of the notice to be presented by the Board for election, pursuant to section 601 of the Corporations Code.<sup>1</sup>
- (b) If action is proposed to be taken at any meeting for approval of (i) a contract or transaction in which a director has a direct or indirect financial interest, pursuant to section 310 of the Corporations Code; (ii) an amendment of the Articles of Incorporation,

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<sup>1</sup> All statutory references in these Bylaws refer to the California Corporations Code unless stated otherwise.

pursuant to section 902 of that code; (iii) a reorganization of the Corporation, pursuant to section 1201 of that code, or (iv) a voluntary dissolution of the Corporation, pursuant to section 1900 of that code, the general nature of that proposal shall be stated in the notice given to, or in the written waiver of notice received from, each shareholder entitled to vote thereon.

**Section 5. Manner of Giving Notice; Affidavit of Notice.** Notice of any meeting of shareholders shall be given either personally or by first-class mail or other written communication (including by electronic mail in accordance with the provisions of Corporations Code section 20), charges prepaid, addressed to the shareholder at the mailing address or e-mail address of that shareholder appearing on the books of the Corporation or given by the shareholder to the Corporation for the purpose of notice. If no such address appears on the Corporation's books or is given, notice shall be deemed to have been given if sent to that shareholder by first-class mail or other written communication to the Corporation's office, or if the notice is published at least once in a newspaper of general circulation in the county where the Corporation's office is located. Notice shall be deemed to have been given at the time when delivered personally or deposited in the United States mail, charges prepaid, or sent by other means of written communication.

If any notice addressed to a shareholder at the address of that shareholder appearing on the books of the Corporation is returned to the Corporation by the United States Postal Service marked to indicate that the United States Postal Service is unable to deliver the notice to the shareholder at that address, all future notices or reports shall be deemed to have been duly given without further mailing if these shall be available to the shareholder on written demand of the shareholder at the office of the Corporation for a period of one year from the date of the giving of the notice.

An affidavit of the mailing or other means of giving any notice of any shareholders' meeting shall be executed by the Secretary or any agent of the Corporation giving the notice and shall be filed and maintained in the minute book of the Corporation.

**Section 6. Quorum of Shareholders.** The presence in person or by proxy of the holders of at least fifty-one percent (51%) of the shares entitled to vote at any meeting of shareholders shall constitute a quorum. The shareholders present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the shares required to constitute a quorum.

**Section 7. Adjourned Meeting; Notice.** Any shareholders' meeting, annual or special, whether a quorum is present or not, may be adjourned from time to time by the vote of the majority of the shares represented at that meeting, either in person or by proxy, but in the absence of a quorum, no other business may be transacted at that meeting, except as provided in Section 6 of this Article II.

When a shareholders' meeting, either annual or special, is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place of the adjourned meeting are announced at the meeting at which the adjournment is taken; provided, however, that if the adjournment is for more than forty-five (45) days or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting must be given to each shareholder of record

entitled to vote at the meeting. The Board shall fix a new record date if the meeting is adjourned for more than forty-five (45) days from the date set for the original meeting. At any adjourned meeting the Corporation may transact any business which might have been transacted at the original meeting.

## **Section 8. Shareholder Voting.**

- (a) Each outstanding share shall be entitled to one vote on each matter submitted to a vote of the shareholders. A shareholder must be in “good standing” as that term is defined in subdivision (b) of this Section 8 below, as a prerequisite to being able to exercise his, her, or its privilege to vote.
- (b) Each shareholder shall be deemed to be in good standing and entitled to all benefits of being a shareholder in the Corporation, including the ability to vote, when:
  - (a) All Corporation assessments and other rates, charges or other monies owed to the Corporation are not delinquent; and
  - (b) The shareholder is not under a current sanction imposed by the Board pursuant to these Bylaws; and
  - (c) The shareholder is in compliance with all policies and applicable rules and regulations of the Corporation; and
  - (d) The shareholder has complied with all reasonable requests for information the Corporation has made.
- (c) Shareholders may cumulate their votes for directors as provided in Corporations Code section 708 by giving one candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which the shareholder's shares are entitled, or to distribute the shareholder's votes on the same principle among as many candidates as the shareholder may desire.
- (d) If a quorum is present, the affirmative vote of the majority of shares represented at the meeting and entitled to vote on the matter shall be the act of the shareholders unless the vote of a greater number of shares is required by the Corporations Code.
- (e) All voting shall be by voice vote unless a majority of the voting power represented demands a vote by written ballot; provided, however, that all elections of directors shall be by written ballot.
- (f) The shareholders entitled to vote at any meeting of shareholders shall be determined in accordance with the provisions of Section 9 of this Article II, below, subject to the provisions of Sections 702 to 704, inclusive, of the Corporations Code of California (relating to voting shares held by a fiduciary, in the name of a corporation, or in joint ownership). The shareholders' vote shall be by written ballot. On any matter other than elections of directors, any shareholder may vote part of the shares in favor of the proposal and refrain from voting the remaining shares or vote them against the proposal, but, if the shareholder fails to specify the number of shares which the shareholder is voting affirmatively, it will be conclusively presumed that the shareholder's approving vote is with respect to all shares that the shareholder is entitled to vote.

**Section 9. Record Date for Shareholder Notice, Voting, and Giving Consents.** For the purpose of determining the shareholders entitled to notice of any meeting or vote or entitled to give consent to corporate action without a meeting, the Board may fix, in advance, a record date, which shall not be more than sixty (60) days nor less than ten (10) days before the date of such meeting nor more than sixty (60) days before any such action without a meeting, and, in this event, only shareholders of record on the date so fixed are entitled to notice and to vote or to give consents, as the case may be, notwithstanding any transfer of any shares on the books of the Corporation after the record date, except as otherwise provided in the California General Corporation Law.

If the Board does not fix a record date:

- (a) The record date for determining stockholders entitled to notice of or to vote at a meeting of shareholders shall be at the close of business on the business day next preceding the day on which notice is given or, if notice is waived, at the close of business on the business day next preceding the day on which the meeting is held.
- (b) The record date for determining shareholders entitled to give consent to corporate action in writing without a meeting, when no prior action by the Board has been taken, shall be the day on which the first written consent is given.
- (c) The record date for determining shareholders for any other purpose shall be at the close of business on the day on which the board adopts the resolution relating to such other purpose, or the sixtieth (60th) day prior to the date of such action, whichever is later.
- (d) Shareholders at the close of business on the record date are entitled to notice and to vote, notwithstanding any transfer of any shares on the books of the Corporation after the record date, except as otherwise provided in the Articles of Incorporation or by agreement.

**Section 10. Waiver of Notice or Consent by Absent Shareholders.** The transactions of any meeting of shareholders, either annual or special, however called and noticed and wherever held, shall be as valid as though the transaction had been taken at a meeting duly held after regular call and notice, if a quorum is present either in person or by proxy, and if, either before or after the meeting, each person entitled to vote who was not present in person or by proxy signs (i) a written waiver of notice; (ii) a consent to a holding of the meeting; or (iii) an approval of the minutes from the meeting. The waiver of notice or consent need not specify either the business to be transacted or the purpose of any annual or special meeting of shareholders, except that if action is taken or proposed to be taken for approval of any of those matters specified in Section 4(a) of this Article II, above, the waiver of notice or consent shall state the general nature of the proposal. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Attendance by a person at a meeting shall also constitute a waiver of notice of that meeting, except when the person objects, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened, and except that attendance at a meeting is not a waiver of any right to object to the consideration of matters not included in the notice of the meeting if that objection is expressly made at the meeting.

**Section 11. Shareholder Action by Written Consent Without a Meeting.** Any action which may be taken at any annual or special meeting of shareholders may be taken without a meeting and without prior notice, if a consent in writing, setting forth the action so taken, is signed by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take that action at a meeting at which all shares entitled to vote on that action were present and voted. In the case of an election of directors, such a consent shall be effective only if signed by the holders of all outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take that action at a meeting at which all shares entitled to vote on that action were present and voted. In the case of election of directors, such a consent shall be effective only if signed by the holders of all outstanding shares entitled to vote for the election of directors; provided, however, that a director may be elected at any time to fill a vacancy on the Board that has not been filled by the directors, by the written consent of the holders of a majority of the outstanding shares entitled to vote for the election of directors. All such consents shall be filed with the Secretary of the Corporation and shall be maintained in the corporate records. Any shareholder giving a written consent, or the shareholders' proxy holders, or a transferee of the shares of a personal representative of the shareholder or their respective proxy holders, may revoke the consent only by a writing received by the Secretary of the Corporation before written consents of the number of shares required to authorize the proposed action have been filed with the Secretary, but may not do so thereafter.

If the consents of all shareholders entitled to vote have not been solicited in writing, and if the unanimous written consent of all such shareholders has not been received, the Secretary shall give prompt notice to those shareholders entitled to vote who have not consented in writing of the corporate action approved by the shareholders without a meeting. This notice shall be given in the manner specified in Section 5 of this Article II, above. In the case of approval of (i) contracts or transactions in which a director has a direct or indirect financial interest, pursuant to section 310 of the Corporations Code, (ii) indemnification of agents of the Corporation, pursuant to section 317 of that Code, and (iii) a reorganization of the Corporation, pursuant to section 1201 of that Code, the notice shall be given at least ten (10) days before the consummation of any action authorized by that approval.

**Section 12. Proxies.** Every person entitled to vote for directors or on any other matter shall have the right to do so either in person or by one or more agents authorized by a written proxy signed by the person and filed with the Secretary of the Corporation at least five (5) calendar days before the date of the meeting for which such proxy is being submitted. No proxy shall be valid if it is submitted less than five (5) calendar days before the meeting for which the proxy is being submitted. A proxy shall be deemed signed if the shareholder's signature and name are placed on the proxy by the shareholder or the shareholder's attorney in fact. If the shareholder is a corporation, the proxy shall be signed by a duly authorized corporate officer. If the shareholder is a living trust, the proxy shall be signed by the trustee. If the shareholder is an estate, the proxy shall be signed by the executor or administrator of the estate. If the shares are co-owned, the proxy may be signed by any record owner of the shares, as reflected in the Corporation's records. In the event a proxy is signed on behalf of a corporation, living trust, or estate, proof of the signer's authority to sign the proxy shall be submitted to the Corporation with the proxy. A validly executed proxy shall continue in full force and effect unless (i) revoked by the person executing it, before the vote pursuant to that proxy, by a writing delivered to the Corporation stating that the proxy is revoked, or by a subsequent proxy executed by, or attendance at the meeting and voting in person by, the person executing the proxy; or (ii) written notice of the death or incapacity of the maker of that proxy is received by the Corporation before the vote pursuant to that proxy is counted; provided,

however, that no proxy shall be valid after the expiration of eleven (11) months from the date of the proxy, unless otherwise provided in the proxy.

**Section 13. Inspectors of Election.** Before any meeting of shareholders, the Board may appoint any persons other than nominees for office to act as inspectors of election at the meeting or its adjournment. If no inspectors of election are so appointed, the Chairman of the meeting may, and on the request of any shareholder or a shareholder's proxy shall, appoint inspectors of election at the meeting. The number of inspectors shall be either one (1) or three (3). If inspectors are appointed at a meeting on the request of one or more shareholders or proxies, the holders of a majority of shares or their proxies present at the meeting shall determine whether one (1) or three (3) inspectors are to be appointed. If any person appointed fails to appear or fails or refuses to act, the chairman of the meeting may and, upon the request of any shareholder or a shareholder's proxy, shall appoint a person to fill that vacancy.

These inspectors shall:

- (a) Determine the number of shares outstanding and the voting power of each, the shares represented at the meeting, the existence of a quorum, and the authenticity, validity, and effect of proxies;
- (b) Receive votes, ballots, or consents;
- (c) Hear and determine all challenges and questions in any way arising in connection with the right to vote;
- (d) Count and tabulate all votes or consents;
- (e) Determine when the polls shall close;
- (f) Determine the result;
- (g) Do any other acts that may be proper to conduct the election or vote with fairness to all shareholders; and
- (h) Perform their duties impartially, in good faith, to the best of their ability and as expeditiously as is practical.

If there are three inspectors of election, the decision, act, or certificate of a majority is effective in all respects as the decision, act, or certificate of all.

### ARTICLE III. DIRECTORS

**Section 1. Powers.** Subject to the provisions of the California General Corporation Law and any limitations in the Articles of Incorporation and these Bylaws relating to action required to be approved by the shareholders or by the outstanding shares, the business and affairs of the Corporation shall be managed and all corporate powers shall be exercised by or under the direction of the Board. The Board may delegate these powers and the management of the day-to-day operation of the business of the Corporation to a management company or other person, or persons, provided that the business and

affairs of the Corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board.

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

- (a) Subject to the delegation of authority to any manager or co-managers, select and remove all officers, agents, employees, and independent contractors of the Corporation; prescribe any powers and duties for them that are not inconsistent with law, the Articles of Incorporation, and these Bylaws; fix their compensation; and require from them security for faithful service.
- (b) Conduct, manage, and control the affairs and business of the Corporation, and make such rules and regulations pertaining thereto not inconsistent with law, the Articles of Incorporation, or these Bylaws, as they may deem best.
- (c) Change the principal office of the Corporation from one location to another.
- (d) Prescribe the forms of certificates of stock; and alter the form of certificates as the Board deems necessary.
- (e) Borrow money and incur indebtedness on behalf of the Corporation, and cause to be executed and delivered for the Corporation's purposes, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, and other evidences of debt and securities.
- (f) Levy, collect and enforce assessments upon and from the capital stock and shareholders of this Corporation, to raise money for the purposes of this Corporation.
- (g) Fix and define the rates to be charged the stockholders for water service and establish other fees and charges applicable to the Corporation's operations.
- (h) Adopt and enforce water use restrictions as may be required by law or regulation, including the power to adopt a moratorium on new service connections or meter installations during drought or water shortage conditions, as determined by the Board in its sole discretion.
- (i) Adopt and, as necessary, revise from time to time, rules and regulations to govern water service to be provided by the Corporation, but not to be inconsistent with these Bylaws, the Articles of Incorporation, or applicable law.

**Section 2. Number and Qualification of Directors.** The number of directors of the Corporation shall be five (5). Directors do not need to be shareholders of the Corporation.

**Section 3. Election and Term of Office of Directors.** Directors shall serve terms of one (1) year, to be elected at each annual meeting of the shareholders. Each director so elected or who may be appointed, as herein provided, shall hold office for the term of the office for which elected or appointed

and until his or her successor is elected or appointed and qualifies for office, or until he or she resigns or is removed from office, as herein provided, whichever event shall first occur.

**Section 4. Vacancies.** Vacancies in the Board may be filled by a majority of the remaining directors, though less than a quorum, or by a sole remaining director, except that a vacancy created by the removal of a director by the vote or written consent of the shareholders or by court order may be filled only by the vote of a majority of the shares entitled to vote represented at a duly held meeting at which a quorum is present, or by the written consent of holders of a majority of the outstanding shares entitled to vote. Each director so elected shall hold office for the completion of the term of the position for which that vacancy occurs, and until a successor has been elected and qualified.

A vacancy or vacancies in the Board shall be deemed to exist in the event of the death, resignation, or removal of any director, or if the Board, by resolution, declares vacant the office of a director who has been declared of unsound mind by an order of court, or who has been convicted of a felony, or if the authorized number of directors is increased, or if the shareholders fail, at any meeting of shareholders at which any director or directors are elected, to elect the number of directors to be voted for at that meeting.

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

Any director may resign effective on giving written notice to the Chairman of the Board, the President, the Secretary, or the Board, unless the notice specifies a later time for that resignation to become effective. If the resignation of a director is effective at a future time, the Board may elect a successor to take office when the resignation becomes effective.

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

**Section 5. Place of Meetings and Meetings by Telephone or By Electronic Transmission.** Meetings of the Board may be held at any place within the Corporation's Service Area that has been designated from time to time by resolution of the Board. In the absence of such a designation, meetings shall be held at the Corporation's office. Any meeting, regular or special, may be held by telephone conference or similar communication equipment, so long as notice of the teleconferenced meeting is provided (including identifying at least one physical location where Eligible Persons, as defined in Section 9 of this Article III below, may attend) and all directors participating in the meeting, and any Eligible Person attending the meeting, can hear one another. All directors participating by teleconference shall be deemed to be present in person at the meeting. The Board may **not** conduct a meeting by a series of electronic transmissions, except in the event of an *emergency meeting*, as described in Section 8 of this Article III where all directors consent in writing to the action.

**Section 6. Annual Organizational Meeting of Directors.** Immediately following, or within one week after, each annual shareholders' meeting, the Board shall hold a regular meeting for the purpose of organization, the desired election of officers, and the transaction of other business.

**Section 7. Other Regular Meetings of Directors.** Other regular meetings of the Board shall be held at such time as shall from time to time be fixed by the Board, subject to the notice to be provided in accordance with Section 9 of this Article III, below.

**Section 8. Special Meetings of Directors; Emergency Meetings.** Subject to compliance with the notice requirements in Section 9 of this Article III, below, special meetings of the Board for any purpose or purposes may be called at any time by the Chairman of the Board, the President, the Vice President, the Secretary, or any two directors. An **emergency meeting** of the Board may be called by the President, or by any two directors other than the President, 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 Section 9 of this Article III.

**Section 9. Open Board Meetings; Executive Sessions; Notice of Board Meetings.** All Board meetings shall be open to attendance by Eligible Persons (“**Eligible Persons**” means shareholders, non-shareholder customers who receive water service from the Corporation, and any elected city or county official who represents people who receive drinking water from the Corporation on a retail basis), *except for executive sessions of the Board, to discuss:* (a) pending or potential litigation; (b) contracts to be formed with third parties; (c) shareholder discipline; provided that the shareholder that is the subject of any fine, penalty or other discipline has the right to attend the executive session; (d) personnel matters; or (e) a shareholder’s payment of assessments where the shareholder requests to meet in executive session. Any matters discussed in executive session of a Board meeting must be generally noted in the minutes of the Board meeting at which the executive session occurred. Any Eligible Person who desires to attend a Board meeting must provide at least twenty-four (**24 hours’ prior written notice** of his or her intent to attend that meeting. Any Eligible Person who attends a Board meeting must be allowed to speak at the meeting, although the Board can establish a reasonable time limit for such comments.

Notice of the time and place of all Board meetings must be provided, as specified in this paragraph, to all Eligible Persons at least four (4) days before the meeting. Notice of the meeting must specify the time and place of the meeting and must include an agenda for the meeting, specifying the items to potentially be discussed and upon which action may be taken. Notice of the meeting shall be posted outside of the Corporation’s office, may be provided by e-mail to any Eligible Person if the Eligible Persons consents, and must be provided by mail to any Eligible Person who has requested mailed notice of the meetings; provided, that, Eligible Persons requesting notice by mail shall pay the costs of reproduction and mailing of the notice in advance.

Notices of meetings shall be delivered to directors personally, by facsimile, by electronic mail or by telephone to each director or sent by first-class mail, charges prepaid, addressed to each director at that director’s address as it is shown on the records of the Corporation, or as may have been given to the Corporation by the director for purposes of notice, or, if such address is not shown on such records or is not readily ascertainable, at the place where the meetings of the directors are regularly held. Notice shall be provided to directors at least four (4) days before any Board meeting.

**Section 10. Quorum of Directors.** A majority of the authorized number of directors shall constitute a quorum for the transaction of business,<sup>2</sup> except to adjourn as provided in Section 12 of this Article III. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board, subject to the provisions of section 310 of the Corporations Code (as to approval of contracts or transactions in which a director has a direct or indirect material financial interest), section 311 of that code (as to appointment of committees), and section 317(e) of that code (as to indemnification of directors).

**Section 11. Violations of Open Meeting Requirements.** If an Eligible Person alleges the Board has violated the open meeting requirements specified in Sections 5, 8, 9 or 14 of this Article III before filing a legal action regarding that alleged violation, the Eligible Person must make a demand on the Board to cure or correct the alleged violation. The demand must be in writing and must be submitted to the Board within ninety (90) days from the date the alleged violation occurred. The demand must state the Board action being challenged and the nature of the alleged violation. Within thirty (30) days of receipt of the demand, the Board must cure or correct the challenged action and inform the Eligible Person in writing of its actions to (a) cure or correct the challenged action or (b) decision not to cure or correct the challenged action.

Within fifteen (15) days of receipt of the written notice of the Board's decision to cure or correct or not to cure or correct, or within fifteen (15) days of the expiration of the 30-day period to cure or correct, whichever is earlier, the Eligible Person may commence legal action. If the Eligible Person fails to commence the action within that fifteen (15) day period, the Eligible Person is then barred from later commencing the action.

**Section 12. Adjournment.** A majority of the directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place.

**Section 13. Notice of Adjournment.** Notice of the time and place of holding an adjourned meeting need not be given, unless the meeting is adjourned for more than twenty-four (24) hours, in which case, notice of the time and place shall be given before the time of the adjourned meeting, in the manner specified in Section 9 of this Article III, to the directors who were not present at the time of the adjournment.

**Section 14. Limitations on Board Discussion and Action.** Other than for the exceptions listed in subdivision (i) of Corporations Code section 14305, the Board may not discuss or take action on any item at a non-emergency Board meeting that is not placed on the agenda included in the notice for that meeting. Directors are also prohibited from taking action on any items outside of a Board meeting unless the item has been delegated by the Board to another person.

**Section 15. Rights of Inspection.** Every director shall have the absolute right at any reasonable time to inspect and copy all books, records, and documents of every kind and to inspect the physical properties of the Corporation. Such inspection by a director may be made in person or by agent or attorney and includes the right to copy and obtain extracts.

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<sup>2</sup> In other words, as long as there are five (5) authorized directors, **three (3) directors** constitute a quorum.

## **Section 16. Performance of Duties by Director; Liability.**

- (a) A director shall perform the duties of a director, including duties as a member of any committee of the Board upon which the director may serve, in good faith, in a manner such director believes to be in the best interests of the Corporation and its shareholders and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.
- (b) In performing the duties of a director, a director shall be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by any of the following:
  - (i) One or more officers or employees of the Corporation whom the director believes to be reliable and competent in the matters presented.
  - (ii) Counsel, independent accountants, or other persons as to matters which the director believes to be within such person's professional or expert competence.
  - (iii) A committee of the Board upon which the director does not serve, as to matters within its designated authority, which committee the director believes to merit confidence, so long as, in any such case, the director acts in good faith, after reasonable inquiry when the need therefor is indicated by the circumstances and without knowledge that would cause such reliance to be unwarranted.
- (c) A person who performs the duties of a director in accordance with subdivisions (a) and (b) of this Section 16 shall have no liability based upon any alleged failure to discharge the person's obligations as a director.

**Section 17. Compensation.** Unless another method of determining the compensation of directors is specified in an amendment to these Bylaws, each director shall be paid for their services an amount that may be fixed by resolution of the Board from time to time. A director shall also be allowed to recover his or her reasonable expenses when engaged in the Corporation's business, including per-diem and travel, in those amounts or based on rates that may be fixed by the Board from time to time. Nothing in these Bylaws shall be construed to preclude any director from serving the Corporation in any other role or capacity, such as an officer, agent, employee, or otherwise, and receiving separate or additional compensation for performing those other services to the Corporation.

## **ARTICLE IV. COMMITTEES**

**Section 1. Committees of Directors.** The Board may, by resolution adopted by a majority of the authorized number of directors, designate one or more committees, each consisting of two or more directors, to serve at the pleasure of the Board. The Board may designate one or more directors as alternate members of any committee, who may replace any absent member at any meeting of the committee. Any committee, to the extent provided in the resolution of the Board, shall have all the authority of the Board, except with respect to:

- (a) The approval of any action which, under the General Corporation Law of California, also requires shareholders' approval or approval of the outstanding shares;
- (b) The filling of vacancies on the Board or in any committee;
- (c) The fixing of compensation of the directors for serving on the Board or on any committee;
- (d) The amendment or repeal of bylaws or the adoption of new bylaws;
- (e) The amendment or repeal of any resolution of the Board which by its express terms is not amendable or repealable;
- (f) A distribution to the shareholders of the Corporation, except at a rate or in a periodic amount or within a price range set forth in the articles or determined by the Board; or
- (g) The appointment of any other committees of the Board or the members of these committees.

The Board shall have the power to prescribe the manner in which proceedings of any such committee shall be conducted. In the absence of any such prescription, the committee shall have the power to prescribe the manner in which its proceedings shall be conducted. Unless the Board or the committee shall otherwise provide, the regular and special meetings and other actions of any such committee shall be governed by the provision of Article III applicable to meetings and actions of the Board. Minutes shall be kept of each meeting of each committee.

## **ARTICLE V. OFFICERS**

**Section 1. Officers.** The officers of the Corporation shall be a President, a Vice President, a Secretary, and a Chief Financial Officer, who may also be called Treasurer. The Corporation may also have, at the discretion of the Board, a chairman of the board, one or more assistant secretaries, one or more assistant treasurers, and such other officers as may be appointed in accordance with the provisions of Section 3 of this Article V. Any number of offices may be held by the same person, although the person serving as President may not also serve as Secretary.

**Section 2. Election Of Officers.** The officers of the Corporation, except such officers as may be appointed in accordance with the provisions of Section 3 or Section 5 of this Article V, shall be chosen by the Board, and each shall serve at the pleasure of the Board, subject to the rights, if any, of an officer under any contract of employment. The officers must be directors of the Corporation.

**Section 3. Subordinate Officers.** The Board may appoint, and may empower the President to appoint, such other officers as the business of the Corporation may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in the Bylaws or as the Board may from time to time determine.

**Section 4. Removal and Resignation of Officers.** Subject to the rights, if any, of an officer under any contract of employment, any officer may be removed, either with or without cause, by the Board, at any regular or special meeting of the Board, or, except in case of an officer chosen by the Board, by any officer upon whom such power of removal may be conferred by the Board

Any officer may resign at any time by giving written notice to the Corporation. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice; and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Corporation under any contract to which the officer is a party.

**Section 5. Vacancies In Offices.** A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled in the manner prescribed in these Bylaws for regular appointments to that office.

**Section 6. President.** The President shall be the chief executive officer of the Corporation and shall, subject to the control of the Board, have general supervision, direction, and control of the business and the officers of the Corporation. He shall preside at all meetings of the shareholders and, in the absence of the Chairman of the Board, or if there be none, at all meetings of the Board. He shall have the general powers and duties of management usually vested in the office of President and general manager of a corporation, including the general and active supervision of the Corporation's business, and shall have such other powers and duties as may be prescribed by the Board or the Bylaws.

**Section 7. Vice President.** In the absence or disability of the President, the Vice President shall perform all the duties of the President, and when so acting shall have all the powers of, and be subject to all the restrictions upon, the President. The Vice President shall have such other powers and perform such other duties as from time to time may be prescribed by the Bylaws, the Board, the Chairman of the Board, and the President.

**Section 8. Secretary.** The Secretary shall keep or cause to be kept, at the office of the Corporation, or such other place as the Board may direct, a book of minutes of all meetings and actions of directors, committees of directors, and shareholders, with the time and place of holding, whether regular or special, and, if special, how authorized, the notice given, the names of those present at directors' meetings and committee meetings, the number of shares present or represented at shareholders' meetings, and the proceedings.

The Secretary shall keep, or cause to be kept, at the office of the Corporation, a share register, or a duplicate share register, showing the names of all shareholders and their addresses, the number and classes of shares held by each, the number and date of certificates issued for the same, and the number and date of cancellation of every certificate surrendered for cancellation. The Corporation may establish an electronic database of the shareholders and their share ownership in lieu of providing paper certificates.

The Secretary shall give, or cause to be given, notice of all meetings of the shareholders and of the Board and any committee thereof required by the Bylaws or by law to be given, and he shall keep

the seal of the Corporation if one be adopted, in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board or by the Bylaws.

**Section 9. Treasurer.** The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of the Corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and shares. The books of account shall at all reasonable times be open to inspection by any director.

The Treasurer shall deposit all moneys and other valuables in the name and to the credit of the Corporation with such depositaries as may be designated by the Board. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board, shall render to the President and directors, whenever they request it, an account of all the Treasurer's transactions as Chief Financial Officer and of the financial condition of the Corporation, and shall have such other powers and perform such other duties as may be prescribed by the Board or the Bylaws.

## **ARTICLE VI. INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES, AND OTHER AGENTS; INSURANCE**

**Section 1. Agents, Proceedings, and Expenses.** For the purposes of this Article, "agent" means any person who is or was a director, officer, employee, or other agent of this Corporation.

**Section 2. Indemnification of agents.** To the fullest extent allowed by law, the Corporation shall defend any agent against, and indemnify any agent against any demands, liabilities, claims, causes of action, lawsuits, judgments, costs or other expenses (including, but not limited to, attorneys' fees and costs of litigation) related to such agent's performance of services on the Corporation's behalf; provided, however, that this defense and indemnification obligation shall not apply to any act arising from the intentional misconduct of the agent.

**Section 3. Insurance.** Upon and in the event of a determination by the Board of Directors of this Corporation to purchase such insurance, this Corporation shall purchase and maintain insurance on behalf of any agent of the Corporation against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such whether this Corporation would have the power to indemnify the agent against that liability.

## **ARTICLE VII. RECORDS AND REPORTS**

**Section 1. Maintenance and Inspection of Share Register.** The Corporation shall keep at its office a record of its shareholders and the number of shares held by each shareholder. The record of shareholders shall be open to inspection on the written demand of any shareholder or holder of a voting trust certificate, at any time during usual business hours, for a purpose reasonably related to the holder's interests as a shareholder or as the holder of a voting trust certificate. Any inspection and copying under this Section 1 may be made in person or by an agent or attorney of the shareholder making the demand.

**Section 2. Maintenance and Inspection of Bylaws.** The Corporation shall keep at its office the original or a copy of the Bylaws as amended to date, which shall be open to inspection by the shareholders at all reasonable times during office hours.

**Section 3. Maintenance and Inspection of Other Corporate Records.** The accounting books, records, and minutes of proceedings of the shareholders and the Board and any committee or committees of the Board shall be kept at such place or places designated by the Board, or, in the absence of such designation, at the office of the Corporation. The minutes shall be kept in written form and the accounting books and records shall be kept either in written form or in any other form capable of being converted into written form. The agendas and minutes of Board and shareholder meetings; accounting books and records (including annual budgets and any report issued under Section 5 of this Article VII, below); the Corporation's annual report issued under Section 4 of this Article VII, below; and any water quality tests the Company conducts shall be open to inspection upon the written demand of any Eligible Person, at any reasonable time during the Corporation's usual business hours. Requests for such records are limited to the three (3) calendar years preceding the date of the request for the records. Minutes of any Board meeting must be made available within thirty (30) days after the meeting to which such minutes relate and the Corporation's budget shall be made available within thirty (30) days after the meeting at which the budget was adopted. The inspection may be made in person or by an agent or attorney and shall include the right to copy and make extracts. A person requesting copies of any records from the Corporation under this Article VII must pay for all copying and postage costs incurred in connection with the photocopying and delivery of the requested records.

**Section 4. Annual Report to Shareholders.** The Board shall notify each shareholder each year of the shareholder's right to receive an annual report which shall be prepared within one hundred twenty (120) days after the close of the Corporation's fiscal year; provided, however, that the Corporation shall make that report available at the Corporation's annual members' meeting. That report shall contain a balance sheet as of the end of the fiscal year and an income statement and statement of cash flows for the fiscal year, accompanied by any report of independent accountants or, if there is no such report, the certificate of an authorized officer of the Corporation that the statements were prepared without audit from the books and records of the Corporation. If the Board approves, the Corporation may send the report and any accompanying material sent pursuant to this Section 4 of Article VII by electronic transmission.

**Section 5. Financial Statements; Annual Review; Budget.** A copy of any annual financial statement and any income statement of the Corporation for each quarterly period of each fiscal year, and any accompanying balance sheet of the Corporation as to the end of each such period, that has been prepared by the Corporation shall be kept on file in the office of the Corporation for twelve (12) months and each such statement shall be exhibited at all reasonable times during the Corporation's office hours to any shareholder demanding an examination of any such statement. The Corporation shall engage a certified public accountant or public accountant to conduct an annual review in accordance with generally accepted accounting principles of the Corporation's financial statements and financial reports. The Corporation shall prepare and adopt a budget prior to the commencement of its fiscal year.

**Section 6. Annual Statement of General Information.** The Corporation shall, as required by law, each year, file with the Secretary of State of the State of California, on the prescribed form, a statement containing: (1) the authorized number of directors; (2) the names and complete business or

residence addresses of all incumbent directors; (3) the number of vacancies on the board, if any; (4) the names and complete business or residence addresses of the President, Secretary and Chief Financial Officer; (5) the street address of its office; and (6) the general type of business constituting the principal business activity of the Corporation, together with a designation of the agent of the Corporation for the purpose of service of process, all in compliance with section 1502 of the code.

## **ARTICLE VIII. GENERAL CORPORATE, SHARE CERTIFICATES, AND WATER SERVICE MATTERS**

**Section 1. Checks, Drafts, Evidences of Indebtedness.** All checks, drafts, or other orders for payment of money, notes, or other evidences of indebtedness, issued in the name of or payable to the Corporation, shall be signed or endorsed by such person or persons and in such manner as, from time to time, shall be determined by resolution of the Board of Directors.

**Section 2. Corporate Contracts and Instruments; How Executed.** The Board, except as otherwise provided in these Bylaws, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Corporation, and this authority may be general or confined to specific instances; and, unless so authorized or ratified by the Board or within the agency power of an officer, no officer, agent, or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

### **Section 3. Certificates for Shares; Custody of Share Certificates.**

- (a) Certificates of stock shall be issued when fully paid for and shall contain a description of the lot or lots upon which such share or shares are located and shall thereupon be and become appurtenant to such lot or lots as provided in Section 5 of this Article VIII, below. Certificates of stock shall be of such form and device as the Board may direct, which certificates shall be signed by the President, or in his or her absence, by the Vice President and countersigned by the Secretary, and have affixed thereto the corporate seal, and shall express on its face on its face its number, date of issuance, number of shares for which and the person to whom it is issued. Notwithstanding the foregoing, instead of issuing paper share certificates, the Corporation may maintain a computerized database of all shares issued that includes accurate records of the shareholders' names, respective share ownership interests and of the lot or lots to which such shares are appurtenant. Upon request of a shareholder, the Corporation shall provide the shareholder with documentation memorializing the shareholder's share ownership in the Corporation.
- (b) No transfer of any certificate or stock shall be made on the books of the company while the owner of such certificate in any amount, of stock is indebted to this Corporation in any amount, or on any account whatever.

**Section 4. Lost Certificates.** Except as provided in this Section 4, no new certificates for shares shall be issued to replace an old certificate unless the latter is surrendered to the Corporation and cancelled at the same time. The Board may, in case any share certificate or certificate for any other security is lost, stolen, or destroyed, authorize the issuance of a replacement certificate on such terms

and conditions as the Board may require, including provision for indemnification of the Corporation secured by a bond or other adequate security sufficient to protect the Corporation against any claim that may be made against it, including any expense or liability, on account of the alleged loss, theft, or destruction of the certificate or the issuance of the replacement certificate.

#### **Section 5. Stock Appurtenant to Certain Lands; Delivery of Water; Use Restricted.**

- (a) The water owned by this Corporation shall only be sold, distributed, supplied or delivered to owners of the capital stock of this Corporation, for commercial, industrial, domestic, or residential use only upon land to which the stock is appurtenant, and no water shall be supplied or delivered by the Corporation to any person or corporation who is not a shareholder in the Corporation, except as otherwise provided in this subdivision. The water of the Corporation that is available for delivery shall be deemed apportioned among the shares, so that during a given period of time each share shall be entitled to 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 of that consumer, the right to any apportioned water not drawn shall be waived, and such water may be taken by the consumers, subject always to payment of rates and charges, and the rules of the Corporation. If the Corporation owns water that is in excess of the water which will be used by the shareholders, the Corporation may lease or sell said water to persons or entities other than the shareholders, so long as any such sale is permissible under applicable law and does not subject the Corporation to the jurisdiction of the California Public Utilities Commission.
- (b) The capital stock of this Corporation is appurtenant to the lands lying within that certain real property located in Los Angeles County, State of California, described as follows:

Tract 2080, shown on sheet two, Map Book 22, Pages 162- 163 as per the records of Los Angeles County, State of California, Tract 2262, Map Book 23, Pages 126-127 of said County Records, Tract 2263, Map Book 23, Page 33 of said County Records and Tract 3992, Map Book 42, Page 67 of said County Records (collectively, the "*Service Area*").
- (c) By reason its appurtenant nature, such stock shall only be transferred with the lot or lots in the Service Area and shall pass as an appurtenance thereto. No water shall be obtained or used under or by virtue of any share of stock until the stock has been located upon some definite lot included in the lands described in the Service Area.
- (d) One share of stock will be issued to each lot in the Service Area. When a certificate of stock is issued, the shares of stock made appurtenant to the lands described in the certificate shall only be transferred with those lands and shall not be severable. Shares shall pass as an appurtenance to such lands being transferred; provided, however, that when the lands to which any such stock is made appurtenant are divided, that stock will be divided with such lands ratably, and thereupon new certificates for that stock will be issued, each certificate describing the portion of such lands to which the stock represented by such certificate thereafter is to be appurtenant. Upon the division of any lands to which any of said stock has been made appurtenant, if the certificate representing

such stock is not surrendered, the Corporation's officers shall have the power to cancel any such certificate on the books of this Corporation and to issue new certificates ratably to the respective owners of the parcels into which such lands have been divided, as though the certificate(s) actually had been surrendered, and by acceptance of any certificate of stock of this Corporation the holder thereof irrevocably appoints the officers of this Corporation his attorneys in fact for such purpose.

- (e) The lands in the Service Area described in subdivision (b) above may be revised by amendment to these Bylaws; provided, however, that no lands constituting a part of the Service Area to which shares are attached may be excluded from the Corporation without the consent of the owner or owners of such excluded lands, which consent shall be given or manifested in such manner as the Board shall prescribe.
- (f) If any stock which has been made appurtenant to certain lands shall be sold separate from such lands, either by the owner of such stock or at a delinquent sale under an assessment levied by this Corporation or under any pledge or pursuant to any order of court or otherwise, such stock shall not entitle the purchaser or any future owner thereof to the use of any water upon any lands other than the lands described in the certificate representing the stock so sold; but all stock so located on certain lands shall remain appurtenant thereto unless and until such appurtenance be released by this Corporation pursuant to law and in a manner provided by the Bylaws of this Corporation.

**Section 6. Delivery of Water to Tenants in Service Area.** The Corporation shall deliver water to any parcel or lot of land in the Service Area leased by a shareholder to a non-shareholder who is an occupant, pursuant to a lease or rental agreement (referred to in these Bylaws as an "Eligible Person"). Prior to the delivery of water to an Eligible Person, the relevant shareholder shall notify the Corporation of the lease of the parcel or lot of land to the Eligible Person and of the intent of the shareholder for the Corporation to deliver water to the Eligible Person pursuant to the shareholder's share. Such notice to the Corporation by the shareholder shall be on a form to be adopted by the Board which will require the member to agree in writing to impose certain terms on the Eligible Person with respect to use of the water services (including but not limited to a requirement that the Eligible Person agree in writing to abide by the rules and regulations issued by the Board) and to take financial and other responsibility for the water service usage of the Eligible Person. The Board may determine in its discretion whether payment shall be due from the member or the Eligible Person.

**Section 7. Transfer of Stock.** On the transfer of the whole or any part of the land in the Service Area to which the shares of this Corporation are made appurtenant, the transferring owner of the stock certificate must endorse his name upon the same and surrender it to the Corporation, at the office of the Corporation, for cancellation, so that new certificates may be issued to the new owner or owners of those lands; provided, however, that no transfer of shares can be made when any assessment, rate or charge owing to the Corporation remains unpaid. If the certificate is not so surrendered, it is the duty and power of the officers of this Corporation to cancel the certificate on the books of the Corporation and issue new certificates to the owner or owners of those lands, as though this certificate had actually been surrendered and accepted. Each shareholder hereby appoints the officers of the Corporation his or her agents for these purposes. The Board shall establish a fee to be paid to the Corporation in connection with any transfer of shares hereunder. The new owner or owners of a parcel or lot of land in the Service Area to which the shares of this Corporation are made appurtenant shall present an original deed for the

acquired parcel or lot at the Company's principal place of business, at which time, a copy of that deed will be made for the Company's files.

**Section 8. Water Rates and Distribution.** In fixing the rates for the use of water, the rates shall not be regulated with a view of producing a profit to the Corporation, but only to raise revenue sufficient to pay the expenses of the Corporation in maintaining or increasing the supply of water, for the pumping, storage and distribution thereof, to establish a financial reserve as required by law, and for other incidental expenses of the Corporation, including taxes, salaries and other compensations of the officers of the Company, and for labor and material used in or about its work. The rates are to be fixed by the Board, and said Board shall also establish rules regulating times, hours and use of the water, and the method of distributing the same among said shareholders. The Board is authorized to establish a rate structure from time to time that generates adequate revenues for the Corporation while also promoting water conservation as may be required by any federal, state, or local governmental authorities.

**Section 9. Assessments.** Assessments for the installation, depreciation, maintenance, betterment and operation of the water system owned by the Corporation may be levied by the Board on the shareholders from time to time as deemed necessary. Notice of such assessments shall be served upon the shareholders of record in the manner prescribed by law. In addition to such assessments, the Board may impose an assessment on any shareholder who the Board determines is responsible for the damage to any equipment or facilities of the Corporation, beyond ordinary wear and tear, including any such damage arising from the shareholder's negligence or willful misconduct.

**Section 10. Suspension or Cancellation of Water Service.** If any shareholder shall refuse or fail to pay his water charges or assessments when due, it shall be the duty of the officers of the Corporation to disconnect the distributing system from his land and to decline to furnish water thereon, and the Corporation shall not be bound to furnish water thereon to such shareholder or his successors, or to any lessee of said land, or to any person thereon, until the said water charges in default and the expense of disconnection and reconnection shall have been paid by or for such shareholder.

**Section 11. Forfeiture and Recovery of Shares; Collection Costs.** Any shares of stock upon which water charges and assessments may become delinquent shall be forfeited to the Corporation, and the holder of said stock shall surrender the certificate of shares to the Corporation. A civil action for collection may be undertaken, or a lien filed and perfected pursuant to Section 12 of this Article VIII, below, against any holder of delinquent shares. The shareholder who owns the shares on which any assessments, rates or charges are delinquent shall be responsible for all costs, including attorneys' fees, the Corporation incurs in connection with efforts to collect any such delinquent amounts; for any late charges established by the Board; and for any interest that accrues on such delinquent amounts at rate to be determined from time to time by the Board, but not to exceed the maximum rate allowed by law.

If any shares are forfeited due to a shareholder's failure to pay any charges or assessments, such shares may be recovered by the shareholder by the payment of the unpaid charges or assessments and such penalty established by the Corporation's Board from time to time, together with all subsequent charges, assessments and penalties in such amounts as the Board shall determine from time to time, and interest on such sums at the rate of five percent (5%) per annum, from the time they became delinquent, as well as all collection costs the Corporation has incurred. No transfer of the

Corporation's shares can or will be made on the Corporation's books while any assessment, charge or other money owed to the Corporation remains unpaid.

**Section 12. Security Interest; Charges and Liens on Shares and Real Property.** To secure any moneys due or to become due from each shareholder for water delivered or to be delivered to such shareholder and to further secure the payment of any assessment or charge levied by the Corporation, the Corporation shall have, and is hereby given, a lien upon such shareholder's shares in respect of which water service is provided, and a lien upon the land of each shareholder to which such shareholder's shares of the capital stock of this Corporation are appurtenant. Upon any such delinquency in the payment of monies owed to the Corporation, the Corporation is authorized to take any actions necessary to perfect that lien. Such lien shall continue until any amount owing to the Corporation is paid or said land is sold to satisfy said lien. The Corporation shall perfect any lien against a shareholder's real property by the recording of a notice of lien with the Los Angeles County Recorder, which claim of lien shall include all collection costs the Corporation has incurred through the date of recording of said lien, as well as interest and penalties that have accrued on the amount owing to the Corporation. In accordance with Corporations Code section 14304, the Corporation shall provide any such shareholder at least twenty (20) days' written notice before recording that lien. The Corporation shall comply with applicable law in the event it becomes necessary to foreclose upon any such lien to collect monies owed to the Corporation.

**Section 13. Water Service Within Corporation's Service Area.** The Corporation will maintain within the Corporation's Service Area, as defined in Section 5(b) of this Article XIII, above, or such parts thereof as the Board shall determine, a water distributing system consisting of pipes with water therein under pressure for furnishing water to its shareholders at service connections established pursuant to the Corporation's rules. Service will be rendered only within the Corporation's Service Area, or as otherwise permitted under California law such that the Corporation does not become subject to regulation as a public utility and will be supplied only for use in connection with the occupancy or use of property within that area.

**Section 14. Use Restricted to Shareholder's Property.** All water received from and delivered by the Corporation at any time shall be used solely and exclusively upon lands to which shares of the Corporation have been attached. No shareholder or other person shall transport or take, or have any right to transport or take, water supplied by the Corporation for use upon lands to which stock is not attached as in these Bylaws provided, and the Corporation may withhold delivery of any water because of its use, or threatened use, on land to which shares are not attached.

**Section 15. Connection to Water Distribution System; Changes to Distribution System.** No shareholder, by virtue of the ownership of shares shall be entitled to connect with the Corporation's distributing system for delivery of water, or to take water therefrom except with the consent and upon and subject to the Corporation's rules and regulations pertaining thereto; and the Corporation reserves and shall have full control over all storing, distributing, measuring and diversion appliances, and over all water until it shall have been actually released or delivered to the shareholder. The Board may provide and determine the place or places where, and the points to which, the Corporation's water distribution system, or any other system, service, or facilities of the Corporation shall be located or extended. The holding of shares of the Corporation shall confer no right upon the shareholder to have any pipeline, water conduit, or other facility of the Corporation enlarged or extended without the consent of the

Board; and the Board shall, at all times, be the exclusive judge of the necessity and expediency of constructing, enlarging, changing and extending the water distribution system or other facilities of the Corporation and such expediency and necessity shall, at all times, be determined by and subject to the sole and uncontrolled discretion of the Board. The Board may require shareholders to pay the cost of connecting their respective lots with the water mains and cost of meters for each connection.

**Section 16. Right of Way for Distributing System.** The Corporation shall have a permanent and continuing easement and right of way in, over, upon and across all highways and streets in the Corporation's Service Area for the purpose of constructing, relocating, repairing, replacing, removing, 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. The Company shall also have a like easement and right of way, upon like conditions, in, over, upon and across the premises of each shareholder in the Corporation's Service Area for the purpose of operating its water system.

Each shareholder, by applying for or taking service from the Corporation, confers upon the Corporation such right of way and consents that the Corporation enter upon such highways and the premises of the shareholder from time to time and 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. Each shareholder shall, upon demand of the Corporation made either before or during the continuance of service, confirm and assure such right of way to and in the Corporation by executing, acknowledging, and delivering to the Corporation a separate instrument in form and provisions prescribed by the Corporation.

**Section 17. Hazardous Waste.** No shareholder shall maintain or use any toxic or hazardous materials on any lot or parcel in the Service Area in a manner which may cause contamination of the Corporation's water system. Violation of this Section 17 shall be a nuisance and, in addition to the other remedies provided by law, shall obligate the violator to pay all costs of investigating and remedying any contamination, all costs of responding to any investigations undertaken by third parties pursuant to law, and all costs and damages incurred by the Corporation because of the violation. In these Bylaws, "**Hazardous Waste**" means any substance the release of or the exposure to which is prohibited, limited or regulated by any local, state, or federal law, or which poses a hazard to human health because of its toxicity or other adverse effect, including but not limited to (a) any "oil," as defined by the Federal Water Pollution Control Act and regulations promulgated thereunder (including crude oil or any fraction of crude oil); (b) any radioactive material, including any source, special nuclear, or byproduct material as defined in 42 United States Code §2011 et seq.; (c) molds; (d) asbestos containing materials ("ACM") in any form or condition; and (e) polychlorinated biphenyls ("PCBs") and any substances or compounds containing PCBs.

**Section 18. Conformance with Statutes.** To the extent not otherwise specified herein, the rights and obligations of the Corporation and its shareholders, respectively, shall be as set forth in the applicable provisions of the Corporations Code, as now in effect or as such statutes may be subsequently amended. To the extent, if any, that the Bylaws conflict with any such statute, the Bylaws shall be deemed without force or effect and shall be deemed replaced by the applicable statutes with which the sections of these Bylaws are in conflict.

## ARTICLE IX. AMENDMENTS

**Section 1. Amendment of Bylaws.** Except as provided by law, the Bylaws of the Corporation may be amended or repealed by the vote or written consent of holders of a majority of the outstanding shares entitled to vote or by a majority vote of the Board.

- (a) Notwithstanding the foregoing, the Board may adopt new Bylaws, or amend or repeal these Bylaws, unless doing so would:
  - (i) Materially and adversely affect the shareholders' rights as to voting, dissolution, redemption, or transfer.
  - (ii) Increase or decrease the number of shareholders authorized in total or for any class;
  - (iii) Effect an exchange, reclassification, or cancellation of all or part of the shares; or
  - (iv) Authorize a new class of shares.
- (b) In addition, the Board may not, without the approval of the shareholders, adopt, amend or repeal any Bylaw that would:
  - (i) Increase or extend the terms of directors;
  - (ii) Allow any director to hold office by designation or selection rather than by election by the shareholders;
  - (iii) Increase the quorum for shareholders' meetings;
  - (iv) Repeal, restrict, create, expand, or otherwise change proxy rights; or
  - (v) Authorize cumulative voting.

Because shareholders have already been admitted to the Company, the Board may not, without the shareholders' approval, specify or change any Bylaw that would fix or change the authorized number of directors or the minimum or maximum number of directors; or change from a fixed number of directors to a variable number of directors, or vice versa.

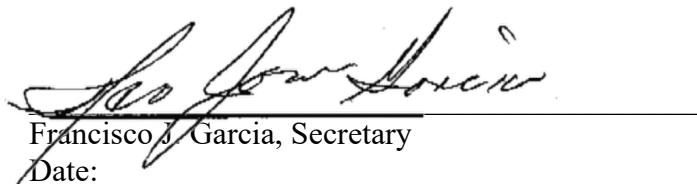
If any provision of these Bylaws that requires the vote of a larger proportion of the Board than is otherwise required by law, that provision may not be altered, amended, or repealed except by that greater vote.

**SECRETARY'S CERTIFICATE OF ADOPTION  
OF RESTATED BYLAWS**

I, Francisco J. Garcia, hereby certify that:

(1) I am the duly elected and acting Secretary of Walnut Park Mutual Water Company, Inc., a California corporation; and

(2) The preceding Restated Bylaws, composed of twenty-five (26) pages, including this page, constitute the Bylaws of the Corporation and were duly adopted by the directors, by unanimous consent, at a meeting of the Board of Directors of the Corporation held on March 12, 1940, and as further amended by amendments duly adopted by the directors, by unanimous consent, at meetings of the Board of Directors held on May 19, 2014, February 26, 2024, and June 16, 2025



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Francisco J. Garcia, Secretary  
Date: