

**REVISED BYLAWS OF THE
KINGVALE PROPERTY OWNERS AND WATER USERS, INC.,
A MUTUAL WATER COMPANY**

Effective as of February 9, 2013

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**REVISED BYLAWS OF THE
KINGVALE PROPERTY OWNERS AND WATER USERS, INC.**

THE REVISED BYLAWS of Kingvale Property Owners and Water Users, Inc., a California Non-Profit Mutual Water Company (the "Company"), by which the Company shall be governed, are as follows:

**ARTICLE I
PRINCIPAL OFFICE, CORPORATE PURPOSE, RECORDS AND SERVICE AREA**

Section 1.1 Principal Corporate Office. The registered office and principal place of business for the Company shall be in the County of Nevada, State of California, unless changed by the Board of Directors.

Section 1.2 Corporate Purpose. In addition to the general purposes listed in Article II of the Company's Articles of Incorporation, the Company is committed to improving the Company's assets with the primary objective of providing the facilities and capacity to provide water service to all Membership Certificate Holders on a year-round basis, considering present and future fiscal and engineering constraints. All decisions regarding the timing, sequence and funding of specific improvements will be made by the Board of Directors on the basis of professional studies and advice. It is the specific intent of the Company to be a non-profit corporation.

Section 1.3 Corporate Books and Records. The Company shall keep at its principal place of business the following books and records and any Membership Certificate Holder of record, upon written demand stating the purpose thereof, shall have the right to examine, in person, or by agent or attorney, at any reasonable time or times, for any proper purpose, the same and to make extracts therefrom:

- (a) Its books and records of account.
- (b) Its minutes of meetings of the Board of Directors and any committees thereof.
- (c) Its minutes of meetings of the Membership Certificate Holders.
- (d) Its record of Membership Certificate Holders which shall give their names and addresses and the number of the Membership Certificates held by each.
- (e) Copies of its Articles of Incorporation and Bylaws as originally executed and adopted together with all subsequent amendments thereto.

Section 1.4 Corporate Financial Statements. Upon the written request of any Membership Certificate Holder of the Company, the Company shall mail to such Membership Certificate Holder its most recent annual or quarterly financial statements showing in reasonable detail its assets and liabilities and the results of its operation unless the Membership Certificate Holder has already received the same. Neither the Company nor any Director, officer, employee or agent of the Company shall be liable to the Membership Certificate Holder or anyone to whom the Membership Certificate Holder discloses the financial statement or any information contained therein for any error or omission therein whether caused without fault, by negligence or by gross negligence, unless (1) the error or omission is material, (2) the Director, officer, employee or agent in question knew of the error or omission and intended for the Membership Certificate Holder or other person to rely thereon to his or her detriment, (3) the Membership Certificate Holder or other persons did reasonably rely thereon, and, in addition, (4) he or she is otherwise liable under applicable law.

Section 1.5 Corporate Seal. The Company shall adopt and use a corporate seal consisting of a circle setting forth on its circumference the name of the corporation and showing the State and date of incorporation.

Section 1.6 Company Service Area. The Company shall only serve its Membership Certificate Holders who are the owners of buildable lots within the geographical area in which the Company is authorized to use its water rights. The Company's service area is defined in the State of California Permit for Diversion and Use of Water No. 16073 which is now incorporated in License No. 13781, which includes the Kingvale Subdivisions. Effective this date, and forward, the service area for all new service connections will be limited to buildable lots within the Kingvale Subdivision (recorded October 14, 1931, in Book 1 of Maps at Page 41, Nevada County Records) and Kingvale Subdivision Unit No. 2 (recorded December 8, 1937, in Book 1 of Maps at Pages 63/64, Nevada County Records) ("Service Area").

ARTICLE II BYLAWS

Section 2.1 Amendments. These Bylaws may be altered, amended or repealed and new Bylaws adopted by the affirmative vote of a majority of the Membership Certificates entitled to vote, at any meeting of Membership Certificate Holders called for such purpose or at any annual Membership Certificate Holders meeting, or by a two-thirds vote of the whole number of the Board of Directors, to be approved by the first meeting of the Membership Certificate Holders thereafter.

Section 2.2 Bylaw Provisions Additional and Supplemental to Provisions by Law. All restrictions, limitations, requirements and other provisions of these Bylaws shall be construed, insofar as possible, as supplemental and additional to all provisions of law applicable to the subject matter thereof and shall be fully complied with in addition to the said provisions of law unless such compliance shall be illegal.

Section 2.3 Bylaw Provisions Contrary to or Inconsistent With Provisions of Law. Any article, section, subsection, subdivision, sentence, clause or phrase of these Bylaws which, upon being construed in the manner provided in Section 2.2 hereof, shall be contrary to or inconsistent with any applicable provision of law, shall not apply so long as said provisions of law shall remain in effect, but such result shall not affect the validity or applicability of any other portions of these Bylaws, it being hereby declared that these Bylaws would have been adopted and each article, section, subsection, subdivision, sentence, clause or phrase thereof, irrespective of the fact that any one or more articles, sections, subsections, subdivisions, sentences, clauses or phrases is or are illegal.

ARTICLE III MEETINGS OF MEMBERSHIP CERTIFICATE HOLDERS

Section 3.1 Place of Meetings. All annual meetings of the Membership Certificate Holders, however called, shall be held at the principal place of business of the Company. All special meetings of the Membership Certificate Holders, however called, shall be held at the principal place of business of the Company unless the Board of Directors designates another place for the meetings.

Section 3.2 Annual Meeting. An annual meeting of the Membership Certificate Holders shall be held at Kingvale during the first week of July, the actual date and time of the meeting to be determined by the President or as directed by the Board of Directors.

Section 3.3 Special Meetings. Special meetings of the Membership Certificate Holders may be called by the Chairman of the Board, the President, the Board of Directors or the holders of not less than one-fifth (1/5) of all the Membership Certificates entitled to vote.

Section 3.4 Notice of Membership Certificate Holders' Meetings. Written or printed notice stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days before the date of the meeting, either personally or by mail, by or at the direction of the President, the Secretary, or the officer or persons calling the meeting to each Membership Certificate Holder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States Mail addressed to the Membership Certificate Holder at his/her/their address as it appears on the books of the Company with postage thereon prepared.

Section 3.5 Waiver of Notice. Any Membership Certificate Holder may waive notice of any meeting of Membership Certificate Holders, (however called or noticed, whether or not called or noticed and whether before, during or after the meeting) by signing a written waiver of notice or a consent to the holding of such meeting, or an approval of the minutes thereof. Attendance at a meeting, in person or by proxy, shall constitute waiver of all defects of call or notice regardless of whether waiver, consent or approval is signed or any objections are made. All such waivers, consents, or approvals shall be made a part of the minutes of the meeting.

Section 3.6 Fixing Record Date for Membership Certificate Holders. The Board of Directors may fix a time not exceeding fifty (50) days preceding the date of any meeting of Membership Certificate Holders or less than ten (10) days, as a record date for the determination of the Membership Certificate Holders entitled to notice of and to vote at any such meeting. In such case only Membership Certificate Holders of record on the date so fixed shall be entitled to notice of and to vote at such meeting, as the case may be notwithstanding any transfer of any share on the books of the Company after any record date fixed as aforesaid. The Board of Directors may close the books of the Company against transfers of Membership Certificates during the whole or any part of such period.

Section 3.7 Membership Voting List. The officer or agent having charge of the Membership Certificate books for Membership Certificates of the Company shall make, at least ten (10) days before each meeting of Membership Certificate Holders, a complete list of the Membership Certificate Holders entitled to vote at such meeting or any adjournment thereof, arranged in alphabetical order, with the address of and the number of Membership Certificates held by each, which list, for a period of ten (10) days prior to the meeting, shall be kept on file at the registered office of the Company and shall be subject to inspection by any Membership Certificate Holder at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any Membership Certificate Holder during the whole time of the meeting. The original Membership Certificate transfer books shall be prima facie evidence as to who are the Membership Certificate Holders entitled to examine such list or transfer books or to vote at any meeting of Membership Certificate Holders. Failure to comply with the requirements of this section shall not affect the validity of any action taken at such meeting.

Section 3.8 Quorum of Membership Certificate Holders, Vote. The Membership Certificate Holders present in person or represented by proxy if they represent a majority of the Membership Certificates entitled to vote, shall constitute a quorum at any meeting of the Membership Certificate Holders. The affirmative vote of a majority of the Membership Certificates entitled to vote on the subject shall be the act of the Membership Certificate Holders, unless the vote of a greater number is required by the California Corporation Law, other provisions of these Bylaws or the Articles of Incorporation of the Company. The Membership Certificate Holders present at a duly called or held meeting may continue to do business until adjournment notwithstanding the withdrawal of enough other Membership Certificate Holders to leave less than a quorum, if any action taken is approved by a majority of the Membership Certificate Holders required to initially constitute a quorum.

Section 3.9 Voting of Membership Certificates. Each Membership Certificate shall have voting rights equal with each other, and each Membership Certificate shall be entitled to one (1) vote at a meeting of Membership Certificate Holders. California Corporations Code Section §702 et. seq. shall govern voting by when a Membership Certificate is owned by multiple parties or entities.

Section 3.10 Proxies. A Membership Certificate Holder may vote either in person or by proxy executed in writing by the Membership Certificate Holder or by his or her duly authorized attorney in fact. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy, specifically providing a longer length of time for which the proxy is to continue in force, which in no case shall exceed two (2) years from the date of execution. Any Membership Certificate Holder giving a written consent, or his or her proxy, or his or her transferee or personal representative, or their respective proxies, may revoke the same prior to the time that written consents of the number of Membership Certificates required to authorize the proposed action have been filed with the Secretary of the Company, but may not do so thereafter.

Section 3.11 Elections of Directors. At each election for Directors, every Membership Certificate Holder entitled to vote at such election shall have the right to vote, in person or by proxy, the number of Membership Certificates owned by him or her for each Director individually and for whose election he or she has a right to vote. Except as limited by the qualifications set forth in Section 4.3, the candidates receiving the highest number of votes up to the number of Directors to be elected shall be declared elected. Elections for Directors need not be by ballot. There shall be no cumulative voting.

Section 3.12 Adjournments. Any Membership Certificate Holders' meeting may be adjourned from time to time by the vote of a majority of the Membership Certificate Holders present at such meeting or represented by proxy thereat. When a meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original special meeting. Save as aforesaid, it shall not be necessary to give any notice of the time and place of the adjourned meeting or of the business to be transacted thereat other than by announcement at the meeting at which such adjournment is taken.

ARTICLE IV DIRECTORS

Section 4.1 Exercise of Corporate Power. All corporate powers (subject to limitations of the Articles of Incorporation and the provisions of California law requiring action to be authorized or approved by Membership Certificate Holders) shall be exercised by and under authority of and the business and affairs of the Company shall be controlled by the Board of Directors.

Section 4.2 Number. The number of Directors of the Company shall be five (5), which number, unless the Articles of Incorporation forbid, may be changed by a Bylaw duly adopted by a majority of the Membership Certificate Holders entitled to vote, provided that in order to reduce such number below five (5) the votes or written consents of Membership Certificate Holders holding more than eighty percent (80%) of the Membership Certificate Holders entitled to vote shall be necessary.

Section 4.3 Qualification. The Directors shall be Membership Certificate Holders of the Company. A Director may not be a minor, otherwise the Directors need no other qualifications.

Section 4.4 Compensation. The Board of Directors shall have authority to fix the compensation of Directors. Such compensation so fixed shall be reported to the Membership Certificate Holders. Any compensation so fixed shall be for services as a Director only, and a Director who serves the Company in any other capacity may receive a separate compensation therefore.

Section 4.5 Term. The Board of Directors shall be constituted as provided in this Section with staggered terms of two (2) years each. Each Director shall hold office for the term for which he or she is elected and until his or her successor shall have been elected and qualified.

Section 4.6 Elections. At each annual meeting where the term of a Director is expiring, the Membership Certificate Holders shall elect Directors, provided that if for any reason said annual meeting or an adjournment thereof is not held or the Directors are not elected thereat, then the Directors may be elected at any special meeting of the Membership Certificate Holders called and held for that purpose.

Section 4.7 Vacancies. A vacancy or vacancies in the Board of Directors shall exist in case of the death, resignation or removal of any Directors, or if the authorized number of Directors is increased, or if the Membership Certificate Holders fail, at any annual or special meeting at which any Director is elected, to elect the full authorized number of Directors to be voted for at that meeting. Also, the Board of Directors may declare vacant the office of a Director if he or she is found to be of unsound mind by an order of a court of competent jurisdiction or convicted of a felony or misdemeanor involving moral turpitude or if, within sixty (60) days after notice of his or her election, he or she does not accept the office either in writing or by attending a meeting of the Board of Directors. Any vacancy occurring may be filled by the affirmative vote of a majority of the remaining Directors (or a sole remaining Director) although less than a quorum. A Director elected to fill a vacancy shall be elected for the unexpired term of his or her predecessor in office, or if there was no predecessor, until the date set under these Bylaws for the next annual meeting and until his or her successor is elected, subject to the constituency requirements of Section 4.3 above. Any vacancy created by reason of the removal of one (1) or more Directors by the Membership Certificate Holders may be filled by election of the Membership Certificate Holders at the meeting at which the Director or Directors are removed.

Section 4.8 Removal. At a meeting expressly called for that purpose one (1) or more Directors may be removed by a vote of a majority of the Membership Certificate Holders entitled to vote at an election of Directors.

Section 4.9 Regular Meetings. A regular meeting of the Board of Directors shall be held at Kingvale during the first week of July with ten (10) days notice. The Board of Directors may provide, by resolution, the time and place for the holding of additional regular meetings without other notice than such resolution.

Section 4.10 Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President or any two (2) Directors. The person or persons authorized to call special meetings of the Board of Directors may fix any place as the place for holding any special meeting of the Board of Directors called by them.

Section 4.11 Notice of Special Meetings. Notice of any special meeting shall be given at least three (3) days prior written notice delivered personally or mailed to each Director at his or her business address, or by facsimile or by personal telephone call to the Director. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. If notice be given by facsimile, such notice shall be deemed to be delivered when the confirmation of successful transmission of the facsimiles is received. Any Director may waive notice of any meeting. The attendance of a Director at a meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

Section 4.12 Quorum. A majority of the number of Directors fixed by these Bylaws shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but if less than a majority of the number of Directors is present at a meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

Section 4.13 Manner of Acting. The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 4.14 Presumption of Assent. A Director of the Company who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his or her dissent shall be entered in the minutes of the meeting or unless he or she shall file their written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by certified or registered mail to the Secretary of the Company within two (2) business days after the adjournment of the meeting. Such right of dissent shall not apply to a Director who voted in favor of such action.

Section 4.15 Committees. The Board of Directors by resolution adopted by the majority of the number of Directors fixed by the Bylaws may designate a committee or committees consisting of not fewer than one (1) Director, which committee or committees, to the extent provided in such resolution, shall have and may exercise all the authority therein provided; but the designation of such committee or committees and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any member thereof, of any responsibility imposed upon it or him or her by law. No committee shall have the power to adopt, amend or repeal the Bylaws or to make rules and regulations for the appointment and terms of office of the members of such committee.

ARTICLE V OFFICERS

Section 5.1 Election and Qualifications. The officers of this Company shall consist of a President, a Vice President, a Secretary and a Treasurer, each of whom shall be elected by the Board of Directors at the meeting of the Board of Directors next following the annual meeting of the Membership Certificate Holders (or at any meeting if an office is vacant) and such other officers, including a Chairman of the Board of Directors, and assistant officers and agents, as the Board of Directors shall deem necessary, who shall be elected and shall hold their offices for such terms as the Board of Directors may prescribe. Any two (2) or more offices may be held by the same person except those of President and Secretary. Any Vice President, assistant Treasurer or assistant Secretary, respectively, may exercise any of the powers of the President, the Treasurer, or the Secretary, respectively, as directed by the Board of Directors and shall perform such other duties as are imposed upon him or her by the Bylaws or the Board of Directors.

Section 5.2 Term of Office and Compensation. The term of office for each of said officers shall be one (1) year or until his or her successor is elected, unless he or she shall sooner resign or be removed or otherwise is disqualified to serve. The salary, if any, of each of said officers and the manner and time of the payment of such salaries shall be fixed and determined by the Board of Directors and may be altered by said Board from time to time at its pleasure.

Section 5.3 Removal and Vacancies. Any officer of the Company may be removed by the Board of Directors at any Board meeting whenever in its judgment the best interests of the Company will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights. If any vacancy occurs in any office of the Company, the Board of Directors may elect a successor to fill such vacancy for the remainder of the unexpired term and until his or her successor is duly chosen and qualified.

Section 5.4. Powers and Duties. The powers and duties of the officers of the Company are as follows:

(a) Chairman of the Board of Directors. The Chairman of the Board of Directors, if there be one, shall have the power to preside at all meetings of the Board of Directors and shall have such other powers and shall be subject to such other duties as the Board of Directors may from time to time prescribe.

(b) President. The President of the Company shall act as the chief executive officer of the Company and, subject to the control of the Board of Directors, shall have general supervision, direction and control of the business and affairs of the Company. The President shall have the power and authority:

(i) To preside at all meetings of the Membership Certificate Holders and, in the absence of the Chairman of the Board, or if there be none, at all meetings of the Board of Directors.

(ii) To call meetings of the Membership Certificate Holders and also of the Board of Directors to be held at such times and, subject to the limitations prescribed by law or by these Bylaws, at such places as he or she shall deem proper.

(iii) To affix the signature of the Company to all deeds, conveyances, mortgages, leases, obligations, bonds, certificates and other papers and instruments in writing which have been authorized by the Board of Directors or which, in the judgment of the President, should be executed on behalf of the Company and do not require such authorization and, subject to the direction of the Board of Directors, to have general charge of the property of the Company and to supervise and control all officers, agents and employees of the Company.

(c) President Pro Tem. If neither the Chairman of the Board, the President, nor the Vice President is present at any meeting of the Board of Directors, a President Pro Tem may be chosen to preside and act at such meeting. If neither the President nor the Vice President is present at any meeting of the Membership Certificate Holders, a President Pro Tem may be chosen to preside at such meeting.

(d) Vice President. In case of absence, disability or death of the President, the Vice President shall exercise all his or her powers and perform all his or her duties. The vice President shall have such other powers and perform such other duties as may be granted or prescribed by the Board of Directors.

(e) Secretary. The powers and duties of the Secretary are:

(i) To keep a book of minutes at the principal place of business of the Company, or such other place as the Board of Directors may order, of all meetings of its Directors and Membership Certificate Holders with the time and place of holding, whether regular or special, and, if special, how authorized, the notice thereof given, the names of those present at Directors' meetings, the number of Membership Certificate Holders present or represented by Membership Certificate Holders' meetings and the proceedings thereof.

(ii) To keep the seal of the Company and to affix the same to all instruments which may require it.

(iii) To keep or cause to be kept at the principal place of business of the Company, or at the office of the transfer agent or agents, a Membership Certificate register, or duplicate Membership Certificate registers, showing the names of the Membership Certificate Holders and their addresses, the number and classes of Membership Certificates held by each, the number and date of certificate issues for Membership Certificates, and the number and date of cancellation of every certificate surrendered for cancellation.

(iv) To keep or cause to be kept at the principal place of business of the Company the books and records required by Section 1.3(a), (b), (c), (d) and (e) above.

(v) To make a proper record of the issuance of Membership Certificates of the Company.

(vi) To transfer upon the Membership Certificate books of the Company any and all Membership Certificates of the Company.

(vii) To make service and publication of all notices that may be necessary or proper, and without command or direction from anyone. In case of the absence, disability, refusal or neglect of the Secretary to make service or publication of any notices, then such notices may be served and/or published by the President or a Vice President, or by any person thereunto authorized by either of them or by the Board of Directors or by the holders of a majority of the outstanding Membership Certificates of the Company.

(viii) To prepare the voting lists required by Section 3.7 above.

(ix) Generally to do and perform all such duties as pertain to the office of secretary and as may be required by the Board of Directors.

(f) Treasurer. The powers and duties of the Treasurer are:

(i) To supervise and control the keeping and maintaining of adequate and correct accounts of the Company's properties and business transactions, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, surplus and Membership Certificates. Any surplus, including earned surplus, paid-in surplus and surplus arising from a reduction of stated capital, shall be classified according to source and shown in a separate account. The books of account shall at all reasonable times be open to inspection by any Director and by any Membership Certificate Holder as provided in Section 1.3 above.

(ii) To keep or cause to be kept at the registered office of the Company the books and records required by Section 1.3(a) above.

(iii) To have the custody of all funds, securities, evidences of indebtedness and other valuable documents of the Company and, at his or her discretion, to cause any or all thereof to be deposited for the account of the Company with such depository as may be designated from time to time by the Board of Directors.

(iv) To receive or cause to be received, and to give or cause to be given, receipts for moneys paid in for the account of the Company.

(v) To disburse, or cause to be disbursed, all funds of the Company as may be directed by the Board of Directors, taking proper vouchers for such disbursements.

(vi) To render to the President and to the Board of Directors, whenever they may require, accounts of all transactions as Treasurer and of the financial condition of the Company.

(vii) Generally to do and perform all such duties as pertain to the office of treasurer and as may be required by the Board of Directors.

ARTICLE VI MEMBERSHIP CERTIFICATES

Section 6.1 Issuance of Membership Certificates. Membership Certificates shall be issued in lieu of stock certificates and shall be in such form as the Board of Directors shall direct. The term Membership Certificate Holder, share, stock share, shareholder, stockholder and water certificate holder are interchangeable terms. Membership Certificates shall be issued evidencing the Membership Certificate Holders ownership interest in the legal rights and facilities owned by the Company and the right to use water pursuant to the water rights held in the name of the Company on behalf of its Membership Certificate Holders, in conformance with the following:

(a) Membership Certificates shall only be issued to the owners of buildable lots within the Company Service Area. Only one (1) Membership Certificate shall be issued per buildable lot, which Membership Certificate shall be appurtenant to and transferred with said lot. Membership Certificates shall only be issued for single-family residential construction and not for mobile homes, recreational vehicles, or condominium, multi-family or townhouse projects. The Directors shall be the exclusive judge of what constitutes a building lot to which a Membership Certificate may be issued. The Board of Directors has determined that the issuance of a residential building permit by Nevada County meets the criteria for a buildable lot.

(b) Each Membership Certificate shall entitle its holder to one (1) connection to the Company's water distribution system and the delivery of Company water subject to the provisions of the Articles of Incorporation and these Bylaws and Rules and Regulations of the Company.

(c) The Company shall not issue Membership Certificates to any person or entity, unless the Company has been advised by the Nevada County/State of California that the Company has sufficient source, storage, and distribution capacity to render service to the new property as well as forecasted services to existing Membership Certificate Holders and existing contingencies.

(d) Each Membership Certificate shall entitle the owner thereof of the use of a proportionate share of the water available for distribution by the Company, all according to the Articles of Incorporation, these Bylaws and such Rules and Regulations that may be adopted by the Board of Directors. The Company shall not be liable for any failure of water service, including, but not limited to, failure of the system, shortages, droughts, acts of God, accidents or other causes which result in the loss of water service.

(e) Each Membership Certificate shall be signed by the President and countersigned by the Secretary, and express on its face its number, date of issuance, the number of Membership Certificates for which and the person/entity to whom it was issued, and the legal description for the appurtenant property.

Section 6.2 Appurtenancy of Membership Certificates. Membership Certificates, when issued, shall become an appurtenance to the lot upon which it is to be used.

(a) The Membership Certificate record book of the Company, with respect to each Membership Certificate, shall describe by lot and owner or record which lot the Membership Certificate it is appurtenant to.

(b) No person may own more than one (1) Membership Certificate for each residence or residential lot served by the water system.

(c) Each Membership Certificate shall be freely transferable with the lot to which it is appurtenant, and must be transferred with said lot. Membership Certificates shall not be separated from

the lot to which the Membership Certificate is appurtenant and shall not be transferable for use on any lot, other than the lot to which it is appurtenant.

Section 6.3 Lost/Destroyed Membership Certificates. Where the owner of any Membership Certificate claims that the certificate has been lost, destroyed or wrongfully taken, a new certificate shall be issued in place of the original certificate if the owner (a) so requests before the Company has notice that the original certificate has been acquired by a bona fide purchaser, (b) satisfies any other reasonable requirements imposed by the Company. The Board of Directors may adopt such other provisions and restrictions with reference to lost certificates, not inconsistent with applicable law, as it shall in its discretion deem appropriate.

Section 6.4 Sale of Property and Transfer of Membership Certificates. Each Membership Certificate Holder shall immediately report in writing to the Secretary of the Company the sale or transfer of their property. A new Membership Certificate in the name of the new owner(s) shall be issued upon the old Membership Certificate being surrendered. The Board of Directors may adopt such other provisions with reference to the transfer of certificates, not inconsistent with applicable law, as it shall in its discretion deem appropriate.

ARTICLE VII ASSESSMENTS AND CONNECTION FEES

Section 7.1 Power to Levy Assessments. Pursuant to Article XI of the Articles of Incorporation filed November 16, 1960, the Board of Directors shall have the power to levy and collect assessments upon all Membership Certificate Holders. In addition, the Board of Directors shall have the power as herein provided, to shut off the water to that residence or lot to which the Membership Certificate is appurtenant where an assessment remains unpaid, as herein provided, and to take all steps necessary to collect assessments. The Board of Directors shall have the power to levy and collect assessments upon all lot owners within the Kingvale Subdivisions, whether or not they are an owner of a Membership Certificate, for the improvement, maintenance and repair costs related to the roads and bridges within the Kingvale Subdivisions.

Section 7.2 Annual Assessments. The Board of Directors, on or before the first week of July each year, and before the annual Membership Certificate Holders meeting, shall determine the amount necessary to cover (i) the costs of purchasing, using, leasing or obtaining water, (ii) the costs of operating, improving, repairing and maintaining the water system, (iii) establishing and funding a reserve fund to cover major repairs, improvements and replacement of the water system, (iv) the costs of taxes and insurance on the water system and the Company, and (v) all costs necessary or desirable to enable the Company to perform or fulfill its obligations, functions and purposes under its Articles of Incorporation and Bylaws, and shall make and levy an assessment against the Company's outstanding Membership Certificates. In the event the Board of Directors does not timely levy an assessment as provided herein, the level of the prior year's assessment shall apply in the new year. Assessments for basic water usage shall be levied against all Membership Certificates on a pro rata basis.

Section 7.3 Special Assessments. The Board of Directors may levy special assessments for the purpose of defraying, in whole or in part, (i) any Company expenses not reasonably capable of being fully paid with funds generated by regular periodic assessments, including, but not limited to code and regulation compliance and litigation, (ii) the costs of any unexpectedly required repair or replacement of any part of the water system, (iii) the construction, reconstruction, repair, or any improvement of the water system for the common benefit of all of the properties served by the water system.

Section 7.4 Levy of Assessments, Payment Dates. Assessments on Membership Certificates shall be levied by the Board of Directors at a meeting held for that purpose, with the assessments payable as billed. The Board of Directors shall have the power and authority to establish a base usage assessment

payable by all Membership Certificate Holders with additional charges to be assessed for usage of water in excess of the base assessment. The order levying the assessment shall specify (i) the amount, (ii) when, to whom and where payable, and (iii) the date on which an unpaid assessment shall be delinquent, which date must not be less than thirty (30) nor more than sixty (60) days from the time the assessment becomes due. The annual assessment and levy may be modified at any time by the Board of Directors at a meeting called for that purpose, where such action is reasonably necessary.

Section 7.5 Notice of Levy. Notice of orders of levy, in a form approved by the Board of Directors, shall be served on all Membership Certificate Holders by personal service or by mailing in the regular U.S. Mail a copy of the notice to the Membership Certificate Holder's residence, or the most recent address provided by Membership Certificate Holder and recorded on the records of the Company.

Section 7.6 Form of Notice, Interest. The notice referred to in Section 7.5 above shall contain the following information:

- (a) The name of the Company.
- (b) The amount of the assessment(s).
- (c) The date of the assessment(s).
- (d) When, to whom and where payable.
- (e) The date an unpaid assessment becomes delinquent.
- (f) That delinquent assessments will bear interest at the rate shown on the current fee schedule and the Membership Certificate Holder shall be responsible for all collection costs and expenses including court costs and reasonable attorneys' fees.

Section 7.7 Delinquent Assessments. If any portion of an assessment mentioned in the notice remains unpaid on the day specified therein when the assessment becomes delinquent the Secretary shall mail a notice of delinquency to each of the Membership Certificate Holders identified in the notice of delinquency. The notice of delinquency shall be in a form approved by the Board of Directors. The notice of delinquency may also state that if the assessment is not fully paid within ten (10) days of the date of the notice, then the Company shall have the right to immediately shut off the water to that residence, lot, unit or property, to which the Membership Certificate is appurtenant and on which the assessment has not been paid and the delinquent assessment amount will bear interest at the rate shown on the current fee schedule and the Membership Certificate Holder shall be responsible for all collection costs and expenses including court costs and reasonable attorneys' fees.

Section 7.8 Landlord or Lessor Shall Be Primarily Liable for All Assessments. The legal owner of any rented property being served by the Company shall appear as the record owner of the Membership Certificate and shall be held primarily responsible to the Company for payment of the annual Membership Certificate assessment.

Section 7.9 Water Connection Fee. The Board shall have authority to levy and collect a water connection fee for new water connections to the Company system.

(a) No Membership Certificate Holder shall be allowed to connect onto the Company system, nor take water therefrom, until he/she/they has/have paid the required water connection fee. The amount of the water connection fee shall be determined by the Board of Directors from time to time by separate resolution of the Board of Directors.

(b) The Company may allocate out of each water connection fee received a reasonable amount and deposit that amount into a separate fund for the construction of improvements to the Company water distribution system and facilities as may be required by the Company and/or the County of Nevada/State of California to serve the Membership Certificate Holder's.

ARTICLE VIII DIRECTORS' CONDUCT

Section 8.1 Interested Parties. No contracts or other transactions between the Company and any other trust, organization or corporation shall in any way be affected or invalidated by the fact that any of the Directors of the Company are pecuniarily or otherwise interested in, or are directors or officers of, such other trust organization or corporation.

Section 8.2 Notice of Interest. Any Director individually, or any trust, organization or corporation with which any Director may be associated, may be a party to or may be pecuniarily or otherwise interested in any contracts or transactions of the Company, provided that the fact that he or she or such trust, organization or corporation is so interested shall be disclosed or shall have been known to the Board of Directors or a majority thereof.

Section 8.3 Quorum. Any Director of the Company who is also a Director, director or officer of such other trust, organization or corporation or who is so interested may be counted in determining the existence of a quorum at any meeting of the Board of Directors of the Company which shall authorize any such contracts or transactions with like force and effect as if he or she were not such Director, director or officer of such other trust, organization or corporation, or not so interested.

ARTICLE IX INDEMNIFICATION

Section 9.1 Indemnification.

(a) The Company will not be responsible for any loss or damage caused by any negligence or unlawful act by any Membership Certificate Holder or any other person in installing, maintaining, supplying or using any appliance, facility or equipment for which water or water service is furnished by the Company.

(b) Each Membership Certificate Holder shall be responsible for damage to the Company's water mains or other property comprising any of the Company's water system resulting from Membership Certificate Holders use or misuse.

(c) The Company shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Company) by reason of the fact that he or she is or was a Director, officer, employee or agent of the Company, or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best

interests of the Company, and with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

Section 9.2 Defense Costs; Application to Court. The Company shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Company to procure a judgment in its favor by reason of the fact that he or she is or was a Director, officer, employee or agent of the Company, or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred in connection with the defense or settlement of such action or suit if he or she acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the Company and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of a duty to the Company unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 9.3 Defense Costs; Successful Defense. To the extent that a Director, officer, employee or agent of the Company has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 9.1 of this Article, or in defense of any claim, issue or matter therein, he or she shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection therewith.

Section 9.4 Authorization. Any indemnification under Section 9.1 of this Article (unless ordered by a court) shall be made by the Company only as authorized in the specific case upon a determination that indemnification of the Director, officer, employee or agent is proper in the circumstances because he or she has met the applicable standard of conduct set forth in Section 9.1. Such determination shall be made by the Board of Directors by a majority vote of a quorum of the Directors, or by the Membership Certificate Holders.

Section 9.5 Advancement of Costs. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Company in advance of the final disposition of such action, suit or proceeding as authorized in the manner provided in this Article upon receipt of an undertaking by or on behalf of the Director, officer, employee or agent to repay such amount unless it shall ultimately be determined that he or she is entitled to be indemnified by the Company as authorized herein.

Section 9.6 Survival of Rights. The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any bylaw, agreement, vote of Membership Certificate Holders or disinterested Directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office and shall continue as to a person who has ceased to be a Director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 9.7 Liability Insurance. The Company may purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee or agent of the Company, or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her in any such capacity or arising out of his or her status as such, whether or not the Company would have the power to indemnify him or her against such liability under the provisions of this Article.

**ARTICLE X
WATER SERVICE TO LOTS**

Section 10.1 Water Service Requests.

(a) Existing Membership Certificate Holder. Existing Membership Certificate Holders that own a Membership Certificate for a Lot that is unimproved and now desire to build a single-family residential structure the procedures and fee schedule are established by the Board of Directors in the Rules and Regulations and are subject to change from time to time.

(b) New Water Service Connection Requests. The procedures and fee schedule for a new water service connection are established by the Board of Directors in the Rules and Regulations and are subject to change from time to time.

**ARTICLE XI
MISCELLANEOUS PROVISIONS**

Section 11.1 Instruments in Writing. All checks, drafts, demands for money and notes of the Company, and all written contracts of the Company, shall be signed by such officer or officers, agent or agents, as the Board of Directors may from time to time by resolution designate. No officer, agent, or employee of the Company shall have power to bind the Company by contract or otherwise unless authorized to do so by these Bylaws or by the Board of Directors.

Section 11.2 Fiscal Year. The fiscal year of this Company shall be from July 1st to June 30th unless otherwise provided for by resolution of the Board of Directors.

Section 11.3 Water Shortage Response. The Company shall have the authority to address water shortages as determined by the Board of Directors and/or the President as hereinafter provided.

(a) Emergency Response. The President of the Company or their designee shall have the authority to issue an order prohibiting or limiting the use of water for outside uses and nonessential inside uses in the event of an emergency water shortage resulting from damage to the water system or water system failures. The President shall cause notice of such order to be given to all Membership Certificate Holders who have connections to the water system and such orders shall be effective upon such notice.

(b) Drought Response. The Board of Directors may address shortages in water supply, including shortages resulting from drought conditions and/or other long-term causes, by imposing water conservation requirements for Membership Certificate Holders connected to the water system. Such conservation requirements may include, by way of example but not by way of limitation: (i) limiting outside watering to certain days of the week and/or certain hours of the day; and/or (ii) prohibiting certain uses. The Board of Directors shall cause notice of such conservation requirements to be given to all Membership Certificate Holders.

(c) Enforcement. The Board of Directors may adopt rules for enforcing violations of water shortage response orders or conservation requirements. Such rules may provide for monetary penalties for violations and for discontinuance of water service for serious repeated or continuing violations. No penalties shall be imposed for violations by Membership Certificate Holders who have not been given notice of the water shortage response orders or requirements.

Section 11.4 Meters Required. All uses of water from the Company's system may be metered, as determined by the Board of Directors, except for fire protection water, which will not be metered.

Section 11.5 One Dwelling Unit Per Meter. Not more than one (1) single family structure (includes garage) shall be connected to any one (1) water meter.

Section 11.6 Additions or Improvements to System. Any additions or improvements to the water system shall only be made or accepted by the Company upon approval of the Board of Directors. The Board of Directors shall have the right to establish such standards and requirements for additions to the water system as they may deem reasonable and necessary to maintain the engineering integrity and usability of the system.

Section 11.7 Insurance. Company may purchase and maintain such insurance in amounts determined appropriate by the Board of Directors for the following: (i) worker's compensation insurance and public liability and property damage insurance in respect of all activities in which Company might incur personal liability for the death or injury to an employee or third person, or damage to or destruction of another's property; and (ii) casualty insurance for the replacement value or costs of the water system against loss or damage by risks customarily covered with respect to such water systems.

Section 11.8 Dissolution. In the event of dissolution, each Membership Certificate Holder of the Company shall receive a pro-rata share of the Company's property and assets, including gains from the sale of appreciated assets, insofar as is practicable.

Section 11.9 Maintenance and Service Contracts. The Board of Directors shall have authority to enter into written contracts for operation and maintenance of the Company's water distribution system with such individuals, companies or contractors as the Board of Directors may, in its discretion, deem suitable.

(a) The services to be provided under such contracts may include, but need not be limited to, the following:

(i) Monitor and maintain, on a regular basis, the following facilities and equipment of the Company, and recommend repairs and improvements to the same, as necessary, to the Board of Directors:

- (1) all springs, wells and pumps (including, water depth and flow);
- (2) all water storage reservoirs;
- (3) all fire hydrants (including flushing the same); and
- (4) all pipelines, valves, water meters and related equipment.

(ii) Read all water meters send all meter readings and calculations to the individual or entity designated by the Company to perform accounting services;

(iii) Monitor water demand for new home construction sites, and purchase and install water meters for each new lot to be served;

(iv) Monitor and report excess water usage on new home construction sites during the construction period;

(v) Take water samples, submit the samples to the appropriate laboratory for analysis in conformance with all applicable State and local law, and give a monthly report of the results of the analysis to the Board of Directors;

(vi) Meet and cooperate with State and local water officials, submit appropriate reports as required, and immediately report any deficiencies and other notable matters pertaining to the Company's water system and water quality; and

(vii) Perform all other activities and functions as may be required, by the Board of Directors and otherwise, to effectively and efficiently operate and manage the water system of the Company.

(b) Remuneration and other terms and conditions pertaining to such contracts shall be determined by the Board of Directors in its sole discretion.

Section 11.10 Water Rules and Regulations. The public health and safety require and the Board of Directors shall have authority to adopt reasonable rules and regulations governing the supply and distribution of water to Membership Certificate Holders by the Company; such rules are necessary for the protection of life and property and for the common benefit of all Membership Certificate Holders served by the Company.

Section 11.11 Rules and Regulations – Roads Within Kingvale Subdivisions. In order for the Company to carry out its responsibilities under Article II(f) of the Articles of Incorporation filed November 16, 1960, the Board of Directors shall have authority to adopt reasonable rules and regulations governing the roads within the Kingvale Subdivision (recorded October 14, 1931, in Book 1 of Maps at Page 41, Nevada County Records) and Kingvale Subdivision Unit No. 2 (recorded December 8, 1937, in Book 1 of Maps at Pages 63/64, Nevada County Records). Such rules are necessary for the protection of life and property and for the common benefit of all Membership Certificate Holders and property owners without Membership Certificates in the Kingvale Subdivisions.

Section 11.12 Inspection of Water System/Entry.

(a) The Company, the Board of Directors, or its authorized representatives shall have the right to inspect service connections, taps, faucets, outlets, valves and other appurtenances on Membership Certificate Holder property at any reasonable time for the purpose of insuring the proper and adequate operation thereof.

(b) The Company, the Board of Directors, or its authorized representative shall have access to any unoccupied dwelling/structure connected to the water system where there are reasonable grounds to believe that a valve, appliance, waterline or outlet located on the property has been left open or is leaking or is otherwise not performing the use for which it was intended. In the event it becomes necessary to gain access to any unoccupied dwelling or structure, two (2) authorized adult persons may enter such dwelling/structure for the sole purpose of closing valves or doing any act necessary to prevent wastage of water. In the event it becomes necessary to damage or break a padlock or other lock, the Company will immediately replace the lock, notify the Membership Certificate Holder and forward to him/her/them the set of keys or combination of such lock. The Membership Certificate Holder shall reimburse the Company for the cost of the lock together with the reasonable cost of any labor expended in preventing water wastage.

**ARTICLE XII
SAVINGS CLAUSE**

If any section, subsection, sentence, clause or phrase these rules and regulations is for any reason held to be invalid by a court of law, such determination shall not affect the validity of the remaining portions of these Bylaws, which shall remain binding and enforceable against the Membership Certificate Holders of the Company.

**ARTICLE XIII
EFFECTIVE DATE**

These Revised Bylaws replace and supersede the Bylaws adopted July 2, 1961, and amended on July 2, 1977, and were adopted by the Board of Directors at a special meeting of the Board on February 9, 2013. Five (5) Board members were present at the meeting. Five (5) Board members voted in favor of the Revised Bylaws and no Board members voted against the Revised Bylaws.

These Bylaws shall be in full force and effect from and after the date of passage and adoption by the Board of Directors and will be submitted to the Membership Certificate Holders of the Kingvale Property Owners and Water Users, Inc. at their next shareholder meeting for adoption.

**KINGVALE PROPERTY OWNERS AND WATER USERS, INC.,
BOARD OF DIRECTORS:**

BOARD MEMBER: 
BOARD MEMBER: 
BOARD MEMBER: 


BOARD MEMBER: 
BOARD MEMBER: 

CERTIFICATE OF ADOPTION

These Revised Bylaws were adopted by the Membership Certificate Holders at the annual meeting of the Membership Certificate Holders on July, ____, 2013. ____ Membership Certificates were represented at the meeting by attendance and by proxy. ____ Membership Certificates, _____ voted in favor of the Bylaws and ____ Membership Certificates voted against the Bylaws.

President

Secretary

FIRST AMENDMENT TO REVISED BYLAWS
OF THE
KINGVALE PROPERTY OWNERS AND WATER USERS, INC.,
A MUTUAL WATER COMPANY

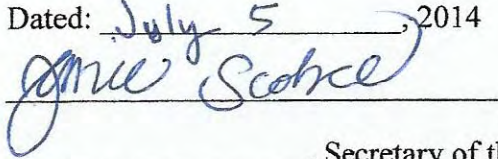
Effective on July 5, 2014, the Revised Bylaws of the Kingvale Property Owners and Water Users, Inc., a California corporation and mutual water company, dated February 9, 2013, shall be amended to add Section 7.10 to Article VII as follows:

Section 7.10 Recordation and Enforcement of Notice of Lien. In addition to the other assessment collection remedies set forth elsewhere in these Bylaws and notwithstanding any other provision of these Bylaws, the Board of Directors shall also have the authority and power to record a notice of lien against the real property of any Membership Certificate Holder who is delinquent in the payment of any rates, charges and/or assessments imposed by the Board of Directors arising from, or related to, water service provided by the Company to the real property of the Membership Certificate Holder. (*See* Corp. Code § 14304.) The notice of lien shall be recorded against the real property that is appurtenant to the Membership Certificate with the delinquency, and shall include all amounts owed to the Company as authorized by the Bylaws and/or the Rules and Regulations of the Company, including, without limitation, the principal amount of the rates/charges/assessments, interest, late fees, collection costs, and reasonable attorneys' fees. By accepting and/or holding a Membership Certificate, each Membership Certificate Holder hereby consents to the recording of a notice of lien against the real property to which the Membership Certificate is appurtenant in order to secure the payment of all rates, charges, assessments, and/or other amounts authorized by the Bylaws and Rules and Regulations of the Company. Prior to recording a notice of lien, the Board of Directors shall provide 20 days' written notice to the Membership Certificate Holder of the delinquency and the Board of Directors' intent to record a notice of lien against the Membership Certificate Holder's real property unless the delinquency is paid in full. After the 20 day notice period has expired, the Board of Directors may record the notice of lien against the Membership Certificate Holder's real property. Thereafter, the Board of Directors may, in its discretion, foreclose the notice of lien or take any other action authorized by these Bylaws, Rules and Regulations or applicable law to collect the delinquency. The Board of Directors shall be empowered to adopt further rules and regulations concerning the recordation and/or enforcement of a notice of lien hereunder.

Certificate of Secretary

The undersigned, as Secretary of the Corporation, certifies that the foregoing is a true and accurate copy of the First Amendment to the Revised Bylaws of the Corporation, duly adopted and approved by the unanimous vote of Board of Directors and also the affirmative vote of the majority of the Membership Certificates Holders to amend the Revised Bylaws under Article II, Section 2.1. The Revised Bylaws were approved at the Annual Meeting called and held on July 5, 2014. At the time of the Annual Meeting, there were 59 Membership Certificates outstanding and entitled to vote, and 58 Membership Certificates voted in favor of approving the First Amendment as an amendment to the Revised Bylaws.

Dated: July 5, 2014



_____, Secretary of the
Kingvale Property Owners and Water Users, Inc.

405338
ARTICLES OF INCORPORATION
of
KINGVALE PROPERTY OWNERS
AND WATER USERS, INC.

ENDORSED, FILED
In the office of the Secretary of State of the State of California
Nov 16 1960
FRANK M. JORDAN, Secretary
of State by Stacy H. Aspey
Deputy

* * *

KNOW ALL MEN BY THESE PRESENTS:

That we, the undersigned, citizens and residents of the State of California, have this day associated ourselves together for the purpose of forming a corporation under the laws of said State.

A N D W E H E R E B Y C E R T I F Y:

ARTICLE I.

That the name of said corporation is:

KINGVALE PROPERTY OWNERS AND WATER USERS, INC.

ARTICLE II.

That the purposes for which it is formed are:

(a) The specific business in which the corporation is primarily to engage is, to furnish, supply and distribute water at cost for yard irrigation purposes and for domestic use to its stockholders only.

(b) To buy or otherwise acquire, own, operate, improve, develop, mortgage, pledge, lease or otherwise dispose of all kinds of property, real, personal or mixed, and any interest therein or easement thereover, including more particularly water, water rights, pumping plants, reservoirs, pipe lines, lands, rights and privileges, easements and rights-of-way for pumping plants, reservoirs, water wells, canals and distribution structures and to construct, maintain and operate pumping plants, water wells, machinery, canals, pipe lines and all other useful property necessary to develop, store, convey, supply or otherwise make use of water and distribution systems for the benefit of its stockholders only.

(c) To acquire, hold, pledge or otherwise contract with reference to and to sell or otherwise dispose of shares, bonds, obligations or other securities of this or any other corporation.

(d) To borrow money, issue bonds or notes and secure the payment of same by mortgage, pledge, or deed of trust of or upon all or any of its properties.

(e) To do every act and thing which may be necessary or convenient to carry out any or all of the purposes of the corporation.

(f) To build, construct and maintain roads and streets in and around the Kingvale subdivision in the County of Nevada, State of California.

Nothing herein contained shall authorize or be construed to permit this corporation to carry on the business of a public utility, nor to permit the accumulation of funds for profit, it being the intent and purpose of this corporation to be mutual and without profit to its stockholders.

ARTICLE III.

The foregoing statements of purpose contained in ARTICLE II shall not be limited by reference to or inference from one another, but each such purpose clause shall be construed as a separate statement conferring independent purposes and powers upon the corporation.

ARTICLE IV.

This corporation does not contemplate the distribution of gains, profits, or dividends to the stockholders thereof.

ARTICLE V.

The County in this State where the principal office for the transaction of business of the corporation is the County of Nevada; provided, however, that the corporation may maintain an office at such places within the State of California as the Board of Directors may from time to time determine or as may be designated in the By-Laws of the corporation.

ARTICLE VI.

The period of existence of this corporation shall be perpetual.

ARTICLE VII.

The number of directors of the corporation shall be five.

ARTICLE VIII.

The names and addresses of the persons who are to act in the capacity of directors until the selection of their successors are as follows:

<u>Name</u>	<u>Address</u>
George R. Locklin	P. O. Box 43, Penryn, California
Dave L. Hofer	8535 Betty Lane, El Cerrito, Calif.
Quirio Pochetti	576 Robertson Way, Sacramento, Calif.
Fred Fillmore	624 King Avenue, Yuba City, California
Homer R. Bales	P. O. Box 115, Bowman, California

ARTICLE IX.

Each share of stock issued by the corporation shall be appurtenant to certain lands which shall be described in the certificate issued therefor and shall not be transferred except therewith.

ARTICLE X.

The total number of shares of stock which the corporation shall have authority to issue is five hundred shares, all of which are to be without par value.

ARTICLE XI.

The Board of Directors may, from time to time, in its discretion, levy and collect assessments upon all shares of stock of this corporation.

IN WITNESS WHEREOF, we have hereunto set our hands this 10
day of October, 1960.

George R. Locklin
Quirio Pochetti
Fred Fillmore
Dave L. Hofer
Homer R. Bales

STATE OF CALIFORNIA)
County of Placer) ss.

On this 10th day of October, in the year one thousand nine hundred and sixty, before me, MILDRED B. WARFORD, a Notary Public in and for the County of Placer, State of California, residing therein, duly commissioned and sworn, personally appeared GEORGE R. LOCKLIN, DAVE L. HOFER, QUIRIC FOCHETTI and FRED FILLMORE known to me to be the persons whose names are subscribed to the within instrument, and acknowledged to me that they executed the same.

IN WITNESS WHEREOF I have hereunto set my hand and affixed my official seal in the County of Placer the day and year in this certificate first above written.

Mildred B. Warford
Notary Public in and for the County
of Placer, State of California.
My Commission Expires April 6, 1962

STATE OF CALIFORNIA)
COUNTY OF Marin) ss.

On this 11 day of October, 1960, before me, a Notary Public in and for said county and state, personally appeared HOMER R. BALES, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same.

M. S. Kempton

Notary Public

My Commission Expires : January 23, 1964

BY - LAWS

of the

KINGVALE PROPERTY OWNERS
AND WATER USERS, INC.

ARTICLE I

Place of Business

The principal office for the transaction of the business of the corporation shall be located in the County of Nevada, State of California.

ARTICLE II

Directors

Section 1. Number. The authorized number of directors of this corporation shall be five, which number, unless the articles of incorporation forbid, may be changed by a by-law duly adopted by the shareholders, provided that in order to reduce such number below five the votes or written consents of shareholders holding more than eighty per cent of the voting power shall be necessary.

Section 2. Qualifications. The directors shall be shareholders.

Section 3. Powers. All corporate powers (subject to limitations of the articles and to the provisions of law requiring action to be authorized or approved by the shareholders) shall be exercised by or under authority of and the business and affairs of this corporation shall be controlled by its board of directors, and, subject to the same limitations, the board shall also have power:

(1) To appoint and remove all officers (other than directors), prescribe their duties, fix their compensation, and require from them security for faithful performance of service if deemed necessary;

(2) To make rules and regulations not inconsistent with law or the articles of incorporation for the guidance of the officers and management of the affairs of the corporation;

(3) To appoint an executive committee, composed of two or more directors, and other committees; to delegate to such executive committee any of the powers and authority of the board in the management of the business and affairs of the corporation except the power to adopt, amend, or repeal by-laws; to make rules and regulations for the appointment and terms of office of the members of such executive committee;

(4) To change the location of the principal office for the transaction of the business of the corporation; to designate any place, within or without the State of California, for the holding of any shareholders' meeting except the annual meeting.

~~Section 4. Duties. The board of directors shall:~~

(1) Cause to be kept open to the inspection of any person entitled thereto and making proper demand therefor, a book of minutes of all meetings of the directors and shareholders of the corporation, adequate and correct books of account of the properties and business transactions of the corporation, and a share register, all in the form prescribed by law and showing the details required by law;

(2) Adopt and use a corporate seal consisting of a circle setting forth on its circumference the name of the corporation and showing the State and date of incorporation;

(3) Authorize the issue of certificates for shares upon such terms as may be lawful and in such form as it shall prescribe and as hereinafter set forth, but which shall state all matters required by law and which shall be signed or authenticated as required by law;

(4) Before the annual meeting of each year, fix the charge, toll or assessment to be levied against or upon each share of stock to defray all costs and expenses incurred or to be incurred by the corporation, including but not limited to, administrative, operational, construction, power and maintenance costs;

(5) Bill each stockholder for the said assessment designating thereon the date upon which it shall be paid. The board may enforce the payment thereof in any lawful manner including discontinuance of water service;

(6) From time to time establish rules and regulations for the use and proration of the water available for distribution to the shareholders.

Section 5. Election. The directors of the corporation shall be elected at the annual meeting of shareholders by a majority of the shares entitled to vote thereat and voting either in person or by proxy. Except as provided by statute for the filling of vacancies which may occur during the year, the directors shall hold office until the next annual meeting of shareholders and until their successors are elected.

Section 6. Meetings. (Regular) Regular meetings of the board of directors shall be held at Kingvale during the first week in July of each year upon ten days notice. Other regular meetings may be held at the principal office of the corporation, or at any place which shall be designated from time to time by resolution of the board or by written consent of all members of the board and notice of such meetings is hereby dispensed with.

(Special). Special meetings of the board for any purpose or purposes whatever shall be called at any time by the president, or if he be absent or be unable or refuse to act, by any vice-president or by any two directors, upon due notice in writing given to each director in the manner prescribed by statute. Such meeting may be held at the principal office of the corporation or at any place which shall be designated from time to time by resolution of the board or by written consent of all members of the board.

Section 7. Quorum. A majority of the authorized number of directors shall be necessary to constitute a quorum of the board for the transaction of business.

ARTICLE III

Officers

Section 1. Election. The officers of this corporation shall be a president, vice-president, a secretary, and a treasurer who shall be chosen by the board of directors. Each of said officers shall serve until he shall resign, or be removed or become disqualified, or until his successor shall be elected.

Section 2. President. Subject to such powers, if any, as may be delegated by the board of directors to the executive committee, the president shall be chief executive officer, and, subject to the control of the board of directors, shall have general supervision and direction of the business and affairs of the corporation. He shall:

(1) Preside at all meetings of the board of directors and at all meetings of the shareholders;

(2) Call all meetings of the board of directors;

(3) Employ and discharge, subject to the approval of the board, such agents and employees as the business of the corporation shall from time to time require, and prescribe their duties, terms of employment, and compensation;

(4) Exercise such other powers and perform such other duties as may be prescribed by the board of directors or these by-laws.

Section 3. Vice President. In the absence or incapacity of the president, the vice-president, or if there be more than one, the vice-president designated by the board of directors, shall perform the duties of the president, and shall also perform such other duties as may be prescribed for him by the board of directors.

Section 4. Secretary. The secretary shall:

(1) Keep a book of minutes at the principal office of the corporation or such other place as the board of directors shall order, of all meetings of the directors and shareholders in the form and manner required by law;

(2) Keep at the principal office or at the office of the corporation's transfer agent, a share register or a duplicate share register, showing the details required by law, and also all other books of the corporation excepting books of account;

(3) Keep at the principal office open to inspection by shareholders at all reasonable times, the original or a certified copy of the by-laws of the corporation as amended or otherwise altered to date;

(4) Keep the corporate seal and affix it to all papers and documents requiring a seal;

(5) Attend to the giving and serving of all notices of the corporation required by law or these by-laws to be given;

(6) Attend to such correspondence as may be assigned to him and perform all other duties incidental to his office or prescribed by the board of directors or by law.

Section 5. Treasurer. The treasurer shall:

(1) Keep and maintain open to inspection by any director at all reasonable times, adequate and correct accounts of the properties and business transactions of the corporation, which shall include all matters required by law and be in form as required by law;

(2) Have the care and custody of the funds and valuables of the corporation and deposit same in the name of and to the credit of the corporation with such depositaries as the board of directors may designate;

(3) Disburse the funds of the corporation as he may be ordered by the board, taking proper vouchers for such disbursements;

(4) Render to the president and secretary or to the board of directors, whenever they may require it, an account of all his transactions as treasurer, and a financial statement in form satisfactory to them, showing the condition of the corporation;

(5) Have such other powers and perform such other duties as may be prescribed by the board of directors.

ARTICLE IV

MEETINGS OF SHAREHOLDERS

Section 1. Annual. The annual meetings of the shareholders shall be held in the first week of July of each year at Kingvale, and not less than ten days notice thereof shall be given by the Secretary to all shareholders.

Section 2. Special. Special meetings of shareholders for any purpose or purposes whatsoever may be called at any time by the president, or by the board of directors, or by one or more shareholders holding not less than one-fifth of the voting power of the corporation. Such meetings may be held at the principal office of the corporation or at any place within or without the State designated by written consent of the shareholders entitled to vote thereat, or by the board of directors pursuant to authority granted the board in and by these by-laws.

Section 3. Notice. Written notice of any special meeting of shareholders shall be given to each shareholder entitled thereto not less than ten days before such meeting in the manner prescribed by statute, and shall specify the day and hour and place of meeting, provided that notice of special meetings shall specify also the general nature of the business to be transacted, and provided further, that before action can be taken at any annual meeting on either of the proposals mentioned in Section 2201 of the Corporations Code of California, written notice of the general nature of the business or proposal must be given as in case of a special meeting.

Section 4. Quorum. No meeting of shareholders shall transact business unless a majority of the shares entitled to vote thereat is represented, except to adjourn from day to day, or until such time as may be deemed proper.

ARTICLE V

Certificate of Stock

Certificate of stock shall be of such form and device as the Board of Directors may direct. This corporation is organized for and will engage in the business of selling, distributing, supplying and delivering water for yard irrigation purposes and for domestic use. Water shall only be sold, distributed, supplied and delivered to owners of the capital stock of this corporation, and such stock shall be appurtenant to certain lands when the same are described in the certificate issued therefor, and when so described the certificate shall show that each share thereby represented shall be attached and appurtenant to one building lot. The board of directors shall be the exclusive judge of what constitutes a building lot to which a share of stock may be issued.

Each share of stock shall entitle the owner thereof to the use of a proportionate share of the water available for distribution by the corporation, all according to the Articles of Incorporation, these By-Laws and such rules and regulations as shall be adopted by the board of directors. The use of such water by stockholders holding stock appurtenant to certain lands shall be restricted to such lands. Each certificate shall be signed by the president and countersigned by the secretary, and express on its face its number, date of issuance, the number of shares for which and the person to whom it is issued.

The certificate book shall contain a margin on which shall be centered the number, date, number of shares and name of the person expressed in the corresponding certificate, and the said description of the land to which the stock may have been attached and made appurtenant.

ARTICLE VI

Transfer of Stock

Subject to the provisions of law, the Articles of Incorporation and these By-Laws, shares of the corporation shall be transferred by the holders thereof when such holders transfer the land to which such share or shares are appurtenant, by attorney legally constituted, by their legal representatives. The certificate of stock shall be endorsed by such holder or his duly authorized agent. But no transfer shall be valid until the surrender of the certificate and the acknowledgement of such transfer on the books of the company.

No surrendered certificate shall be canceled by the secretary before a new one is issued in lieu thereof, and the secretary shall preserve the certificate so canceled as a voucher. If, however, a certificate shall be lost or destroyed, the board of directors may order a new certificate issued upon such guarantees being first given by the parties claiming the same as the board of directors shall deem satisfactory. If the land to which certain shares are appurtenant shall have been transferred without surrendering the certificate, then the board of directors may order new certificates issued for said land or property upon such guarantees from the parties claiming the same, as the board of directors shall deem necessary.

ARTICLE VII

Voting

At all corporate meetings, each stockholder, either in person or by proxy, shall be entitled to as many votes as he owns shares of stock. Such proxy shall be in writing and filed with the secretary before or at the meeting.

ARTICLE VIII

Amendments

These by-laws may be altered or amended at any meeting of the stockholders by a majority of the stock represented at such meeting, or by a two-thirds vote of the whole number of the board of directors, to be ratified by the first meeting of the stockholders thereafter.

ARTICLE IX

Waivers, Consents, Approvals

Absentees from any meeting of directors or shareholders at which a quorum is present (except an annual meeting of shareholders at which action is taken on either or the proposals mentioned in section 2201 of the Corporations Code) may sign a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof, and validate all transactions had or taken thereat.

ARTICLE X

Non-Profit

The corporation does not contemplate the earning of any profits nor the distribution of gains, profits or dividends to the stockholders; assessments and charges against the capital stock shall be made only to the extent necessary to defray the costs and obligations incurred by the corporation.

KNOW ALL MEN BY THESE PRESENTS:

That we, the undersigned, Directors and Secretary of the corporation known as and called KINGVALE PROPERTY OWNERS AND WATER USERS, INC., do hereby certify that the above and foregoing By-Laws were duly adopted as the By-Laws of said corporation, on the 2nd day of July, 1961; and that the same do now constitute the By-Laws of said corporation.

GEORGE R. LOCKLIN

Director

QUIRIC FOCHETTI

Director

FRED L. FILLMORE

Director

D. L. HOFER

Director

BRUCE B. BALES

Director

R. L. DUNSHEE

Secretary

BY - LAWS
of the

KINGVALE PROPERTY OWNERS
AND WATER USERS, INC.

ARTICLE I

Place of Business

The principal office for the transaction of the business of the corporation shall be located in the County of Nevada, State of California.

ARTICLE II

Directors

Section 1. Number. The authorized number of directors of this corporation shall be five, which number, unless the articles of incorporation forbid, may be changed by a by-law duly adopted by the shareholders, provided that in order to reduce such number below five the votes or written consents of shareholders holding more than eighty per cent of the voting power shall be necessary.

Section 2. Qualifications. The directors shall be shareholders.

Section 3. Powers. All corporate powers (subject to limitations of the articles and to the provisions of law requiring action to be authorized or approved by the shareholders) shall be exercised by or under authority of and the business and affairs of this corporation shall be controlled by its board of directors, and, subject to the same limitations, the board shall also have power:

(1) To appoint and remove all officers (other than directors), prescribe their duties, fix their compensation, and require from them security for faithful performance of service if deemed necessary;

(2) To make rules and regulations not inconsistent with law or the articles of incorporation for the guidance of the officers and management of the affairs of the corporation;

(3) To appoint an executive committee, composed of two or more directors, and other committees; to

delegate to such executive committee any of the powers and authority of the board in the management of the business and affairs of the corporation except the power to adopt, amend, or repeal by-laws; to make rules and regulations for the appointment and terms of office of the members of such executive committee;

(4) To change the location of the principal office for the transaction of the business of the corporation; to designate any place, within or without the State of California, for the holding of any shareholders' meeting except the annual meeting.

Section 4. Duties. The board of directors shall:

(1) Cause to be kept open to the inspection of any person entitled thereto and making proper demand therefor, a book of minutes of all meetings of the directors and shareholders of the corporation, adequate and correct books of account of the properties and business transactions of the corporation, and a share register, all in the form prescribed by law and showing the details required by law;

(2) Adopt and use a corporate seal consisting of a circle setting forth on its circumference the name of the corporation and showing the State and date of incorporation;

(3) Authorize the issue of certificates for shares upon such terms as may be lawful and in such form as it shall prescribe and as hereinafter set forth, but which shall state all matters required by law and which shall be signed or authenticated as required by law. At the discretion of the board, to confer honorary membership in the corporation, which membership shall be exempt from all charges, tolls, or assessments.

(4) Before the annual meeting of each year, fix the charge, toll or assessment to be levied against or upon each share of stock to defray all costs and expenses incurred or to be incurred by the corporation, including but not limited to, administrative, operational, construction, power and maintenance costs;

(5) Bill each stockholder for the said assessment designation thereon the date upon which it shall be paid. The board may enforce the payment thereof in any lawful manner including discontinuance of water service. All land owners, stockholders and all certificate holders are liable for the charges, tolls or assessments levied by the board whether or not their lands are actually served by water by the corporation.

(6) From time to time establish rules and regulations for the use and proration of the water available for distribution to the shareholders.

BE IT RESOLVED BY THE BOARD OF DIRECTORS
OF KINGVALE PROPERTY OWNERS AND WATER USERS, INC. AS FOLLOWS:

Section 1: The public health and safety require the adoption of reasonable rules and regulations governing the supply and distribution of water to water users by the corporation; such rules are necessary for the protection of life and property and for the common benefit of all water users served by Kingvale Property Owners and Water Users, Inc.

Section 2: The corporation will serve water at cost to users' service connections at such pressures and in such amounts as may be available from time to time in the normal and reasonable operation of the water system.

Section 3: The corporation shall have the power to restrict the use of water during any emergency caused by drought, or other threatened or existing water shortage and to prohibit the wastage of water or the use of water during such periods for any purpose other than household uses or other restricted uses as may be determined to be necessary by the Board of Directors and may prohibit use of such water during such periods for specific uses which the Board may from time to time find to be non-essential.

Section 4: The corporation may refuse to furnish water and may discontinue service to any premises where apparatus, appliances or equipment using water is found to be dangerous or unsafe or where the use of water on such premise is found to be detrimental or injurious to the water service furnished to other users, or where it is found that negligent or wasteful use of water exists on any premise which affects the corporation's water service. In the event it becomes necessary to shut off or disconnect a premise from the water system for any of the foregoing reasons, water shall be reinstated upon the owner's payment to the corporation of the sum of \$150.00 plus the cost of labor in disconnecting and reconnecting such premise to the water system.

Section 5: No person shall tamper with, or connect a premise to the corporation's water mains except under the supervision of a director or other authorized representative of the corporation.

Section 6: The corporation shall have no responsibility for the maintenance or repair of any service connection from the corporation's main to the users dwelling and the maintenance and repair of such service connection shall be the sole responsibility of the user. The corporation, its directors and authorized representative, shall at all times have the right to inspect service connections, taps, faucets, outlets, valves and other appurtenances on the user's premises at any or all reasonable times for the purpose of insuring the proper and adequate operation thereof.

Section 7: The corporation will not be responsible for any loss or damage caused by any negligence or unlawful act by any user or any other person in installing, maintaining, supplying or using any appliances, facilities or equipment for which water or water service is furnished by the corporation. Each user shall be responsible for damage to the District's mains or other property comprising any part of the corporations' water system resulting from use or operation of any appliances or facilities on such user's premises, including but not limited to, damage caused by steam, hot water or chemicals.

Section 8: Any member of the board, or its authorized representative shall have access to any unoccupied dwelling connected to the water system where there are reasonable grounds to believe that a valve, appliances or outlet located on such premises has been left open or is leaking, or is otherwise not performing the use for which it was intended. In the event it becomes necessary to gain access to any unoccupied dwelling or structure, two authorized adult persons may enter such dwelling for the sole purpose of closing valves or doing any act necessary to prevent wastage of water. In the event it becomes necessary to damage or break a padlock or other lock, the corporation will immediately replace the lock, notify the owner of such unoccupied dwelling or structure, and forward to him the set of keys or combination of such lock. The owner of such premises shall reimburse the corporation for the cost of such lock together with the reasonable cost of any labor expended in preventing water wastage.

PASSED AND ADOPTED this third day of July
1971 by the following vote:
Ayes: Directors 5 Members 27
Noes: Directors Members 5
Absent: Directors 0

Reapproved July 2, 1977. Incorporated into by-laws, 1977.

ARTICLE II
cont'd

Section 5: Election. The directors of the corporation shall be elected at the annual meeting of shareholders by a majority of the shares entitled to vote thereat and voting either in person or by proxy. Except as provided by statute for the filling of vacancies which may occur during the year, the directors shall hold office until the next annual meeting of shareholders and until their successors are elected.

Section 6: Meetings. (Regular) Regular meetings of the board of directors shall be held at Kingvale during the first week in July of each year upon ten days notice. Other regular meetings may be held at the principal office of the

corporation, or at any place which shall be designated from time to time by resolution of the board or by written consent of all members of the board and notice of such meetings is hereby dispensed with.

(Special). Special meetings of the board for any purpose or purposes whatever shall be called at any time by the president, or if he be absent or be unable or refuse to act, by any vice-president or by any two directors, upon due notice in writing given to each director in the manner prescribed by statute. Such meetings may be held at the principal office of the corporation or at any place which shall be designated from time to time by resolution of the board or by written consent of all members of the board.

Section 7. Quorum. A majority of the authorized number of directors shall be necessary to constitute a quorum of the board for the transaction of business.

ARTICLE III

Officers

Section 1. Election. The officers of this corporation shall be a president, vice-president, a secretary, and a treasurer who shall be chosen by the board of directors. Each of said officers shall serve until he shall resign, or be removed or become disqualified, or until his successor shall be elected.

Section 2. President. Subject to such powers, if any, as may be delegated by the board of directors to the executive committee, the president shall be chief executive officer, and, subject to the control of the board of directors, shall have general supervision and direction of the business and affairs of the corporation. He shall:

- (1) Preside at all meetings of the board of directors, and at all meetings of the shareholders;
- (2) Call all meetings of the board of directors;
- (3) Employ and discharge, subject to the approval of the board, such agents and employees as the business of the corporation shall from time to time require, and prescribe their duties, terms of employment, and compensation;
- (4) Exercise such other powers and perform such other duties as may be prescribed by the board of directors or these by-laws.

Section 3. Vice President. In the absence of incapacity of the president, the vice-president, or if there be more than one, the vice-president designated by the board of

directors, shall perform the duties of the president, and shall also perform such other duties as may be prescribed for him by the board of directors.

Section 4. Secretary. The secretary shall:

(1) Keep a book of minutes at the principal office of the corporation or such other place as the board of directors shall order, of all meetings of the directors and shareholders in the form and manner required by law;

(2) Keep at the principal office or at the office of the corporation's transfer agent, a share register or a duplicate share register, showing the details required by law, and also all other books of the corporation excepting books of account;

(3) Keep at the principal office open to inspection by shareholders at all reasonable times, the original or certified copy of the by-laws of the corporation as amended or otherwise altered to date;

(4) Keep the corporate seal and affix it to all papers and documents requiring a seal;

(5) Attend to the giving and serving of all notices of the corporation required by law or these by-laws to be given;

(6) Attend to such correspondence as may be assigned to him and perform all other duties incidental to his office or prescribed by the board of directors or by law.

Section 5. Treasurer. The treasurer shall:

(1) Keep and maintain open to inspection of any director at all reasonable times, adequate and correct accounts of the properties and business transactions of the corporation, which shall include all matters required by law and be in form as required by law;

(2) Have the care and custody of the funds and valuables of the corporation and deposit same in the name of and to the credit of the corporation with such depositories as the board of directors may designate;

(3) Disburse the funds of the corporation as he may be ordered by the board, taking proper vouchers for such disbursements;

(4) Render to the president and secretary or to the board of directors, whenever they may require it, an account of all his transaction as treasurer, and a financial statement in form satisfactory to them, showing the condition of the corporation;

(5) Have such other powers and perform such other duties as may be prescribed by the board of directors.

ARTICLE IV

MEETINGS OF SHAREHOLDERS

Section 1. Annual. The annual meetings of the shareholders shall be held in the first week of July of each year at Kingvale, and not less than ten days notice thereof shall be given by the Secretary to all shareholders.

Section 2. Special. Special meetings of shareholders for any purpose or purposes whatsoever may be called at any time by the president, or by the board of directors, or by one or more shareholders holding not less than one-fifth the voting power of the corporation. Such meetings may be held at the principal office of the corporation or at any place within or without the State designated by the written consent of the shareholders entitled to vote thereat, or by the board of directors pursuant to authority granted the board in and by these by-laws.

Section 3. Notice. Written notice of any special meeting of shareholders shall be given to each shareholder entitled thereto not less than ten days before such meeting in the manner prescribed by statute, and shall specify the day and hour and place of meeting, provided that notice of special meetings shall specify also the general nature of the business to be transacted, and provided further, that before action can be taken at any annual meeting on either of the proposals mentioned in Section 2201 of the Corporations Code of California, written notice of the general nature of the business or proposal must be given as in case of a special meetings.

Section 4. Quorum. No meeting of shareholders shall transact business unless a majority of the shares entitled to vote thereat is represented, except to adjourn from day to day, or until such time as may be deemed proper.

ARTICLE V

Certificate of Stock

Certificate of stock shall be of such form and device as the Board of Directors may direct. This corporation is organized for and will engage in the business of selling, distributing, supplying and delivering water for yard irrigation purposes and for domestic use. Water shall only be sold, distributed, supplied and delivered to owners of the capital stock of this corporation, and such stock shall be appurtenant to certain lands when the same are described in the certificate issued therefor, and when so described the certificate shall show the each share thereby represented shall be attached and appurtenant to one building lot. The board of directors shall be the exclusive judge of what constitutes a building lot to which a share of stock may be issued.

Each share of stock shall entitle the owner thereof to the use of a proportionate share of the water available for distribution by the corporation, all according to the Articles of Incorporation, these By-Laws and such rules and regulations as shall be adopted by the board of directors. The use of such water by stockholders holding stock appurtenant to certain lands shall be restricted to such lands. Each certificate shall be signed by the president and countersigned by the secretary, and express on its face its number, date of issuance, the number of shares for which and the person to whom it is issued.

The certificate book shall contain a margin on which shall be centered the number, date, number of shares and name of the person expressed in the corresponding certificate, and the said description of the land to which the stock may have been attached and made appurtenant.

ARTICLE VI

Transfer of Stock

Subject to the provisions of law, the Articles of Incorporation and these By-Laws, shares of the corporation shall be transferred by the holders thereof when such holders transfer the land to which such share or shares are appurtenant, by attorney legally constituted, by their legal representatives. The certificate of stock shall be endorsed by such holder or his duly authorized agent. But no transfer shall be valid until the surrender of the certificate and the acknowledgement of such transfer on the books of the company.

No surrendered certificate shall be canceled by the secretary before a new one is issued in lieu thereof, and the secretary shall preserve the certificate so canceled as a voucher. If, however, a certificate shall be lost or destroyed, the board of directors may order a new certificate issued upon such guarantees being first given by the parties claiming the same as the board of directors shall deem satisfactory. If the land to which certain shares are appurtenant shall have been transferred without surrendering the certificate, then the board of directors may order new certificates issued for said land or property upon such guarantees from the parties claiming the same, as the board of directors shall deem necessary.

ARTICLE VII

Voting

At all corporate meetings, each stockholder, either in person or by proxy, shall be entitled to as many votes as he owns shares of stock. Such proxy shall be in writing and filed with the secretary before or at the meeting.

ARTICLE VIII

Amendments

These by-laws may be altered or amended at any meeting of the stockholders by a majority of the stock represented at such meeting, or by a two-thirds vote of the whole number of the board of directors, to be ratified by the first meeting of the stockholders thereafter.

ARTICLE IX

Waivers, Consents, Approvals

Absentees from any meeting of directors of shareholders at which a quorum is present (except an annual meeting of shareholders at which action is taken on either or the proposals mentioned in section 2201 of the Corporations Code) may sign a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof, and validate all transactions had or taken thereat.

ARTICLE X

Non-Profit

The corporation does not contemplate the earning of any profits nor the distribution of gains, profits or dividends to the stockholders; assessments and charges against the capital stock shall be made only to the extent necessary to defray the costs and obligations incurred by the corporation.

KNOW ALL MEN BY THESE PRESENTS:

That we, the undersigned, Directors and Secretary of the corporation known as and called KINGVALE PROPERTY OWNERS AND WATER USERS, INC., do hereby certify that the above and foregoing By-Laws were duly adopted as the By-Laws of said corporation, on the 2nd day of July, 1961; and that the same do now constitute the By-Laws of said corporation.

Adopted on the
2nd day of July 1961:

GEORGE R. LOCKLIN
Director

QUIRIC FOCHETTI
Director

FRED L. FILLMORE
Director

D. L. HOFER
Director

BRUCE B. BALES
Director

R. L. DUNSHEE
Secretary

Revised and ratified this
2nd day of July 1977:

GEORGE TRIMBEL
Director

GENE HARLISS
Director

ED JOHNSON
Director

JIM JOHNSON
Director

W. A. LOGAN
Secretary