

Recording
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Mil Potrero Mutual Water Company
P. O. Box W
Pine Mountain Club, CA 93222

BY-LAWS FOR THE REGULATION, EXCEPT AS OTHERWISE
PROVIDED BY STATUTE OR BY ITS ARTICLES OF INCORPORATION,
OF MIL POTRERO MUTUAL WATER COMPANY, A CORPORATION

(As revised April 12, 2014)

ARTICLE I

The name of this corporation is and shall be the MIL POTRERO MUTUAL WATER COMPANY and for convenience shall be referred to hereinafter as the "Company".

ARTICLE II

Section 1. Principal Office. The principal office for transaction of the business of the Company is hereby fixed and located at **16275** Askin Drive, Pine Mountain Club, County of Kern, State of California, 93222. The Board of Directors is hereby granted full power and authority to change said principal office from one location to another within Pine Mountain Club confines. Any such change shall be noted on the By-Laws opposite this section, or this section may be amended to state the new location.

Section 2. Other Office. Branch or subordinate offices may at any time be established by the Board of Directors at any place or places where the Company is qualified to do business.

ARTICLE III

Objects and Purposes

The objects and purposes of the Company shall be to develop, distribute, supply and deliver water for municipal and commercial center uses or any one of such uses to its shareholders at cost and to no one except its shareholders. The Company shall be authorized to

do whatever may be deemed necessary, conducive, incidental or advisable to accomplish and promote said objects or purposes, including but not limited to:

- (a) Constructing, leasing, maintaining and operating water system facilities;
- (b) Acquiring, owning, leasing or developing water, water rights or water bearing lands;
- (c) Paying all taxes, utilities, charges, assessments by which to further the foregoing objects and purposes; and to do any other act or thing in any way connected with the foregoing or related to the objects and purposes of this Company.

ARTICLE IV Shareholders

Section 1. Shareholders. Shareholders of the Company shall be limited to the owner or owners of one (1) lot or parcel of real property within those lands in the Mil Potrero area of the San Emidio Mountains of Kern County including lands to be subdivided by Pine Mountain Club, Inc. within the area defined as the SE/4 of the SW/4; the south half of the SE/4 and lot 4 in Section 18, Township 9 North, Range 21 West, S.B.M. All of Sections 19 and 20 in Township 9 North, Range 21 West, S.B.M. The North half; the North half of the SW/4 and the SW/4 of the SW/4 of Section 21, Township 9 North, Range 21 West, S.B.M. The North half of the North half of the South half of Section 29, Township 9 North, Range 21 West, S.B.M. The North half and the North half of the South half of Section 30, Township 9 North, Range 21 West, S.B.M. Lot 16 of Section 13, Township 9 North, Range 22 West, S.B.M. The East half of the East half of Section 24, Township 9 North, Range 22 West, S.B.M. The East half of the NE/4 and the NE/4 of the SE/4 of Section 25, Township 9 North, Range 22 West, S.B.M.

A purchaser of any lot or parcel of land under contract shall be deemed to be an owner for the purposes of these By-Laws. A lot or parcel of land held as community property shall qualify the owners thereof for one (1) share certificate only in the Company, which share shall be in the same name(s) as the deed to the lot or parcel in question. As to any lot or parcel of land held in joint tenancy, tenancy in common, or in the name of a partnership or in any other way, all of the co-owners shall be deemed one (1) shareholder of this Company.

Section 2. Eligibility for Holding Stock. All persons who become owners of lots or parcels of property, as defined and described in Section 1 of the Article IV shall, by reason of such ownership become shareholders of the Company and be issued one (1) share certificate in the Company for each lot or parcel so owned.

Section 3. Voting Rights. Each shareholder shall be entitled to one (1) vote for each share certificate held on each matter submitted to the vote of the shareholders. Each member in good standing shall be entitled to vote on each matter submitted to a vote of the members subject

to the following rules.

(a) Each member beneficially owning one (1) or more shares within the Development shall be entitled to the number of votes equal to the total number of shares so owned by him.

(b) If two or more members own a single lot within the Development they shall be entitled to one vote only for such share. Such joint owners shall designate and register with the Secretary of the Company the name of the member who shall be entitled to cast the single vote.

No single vote shall be split into fractional votes. No distinction shall exist between the shareholders except that a shareholder must be in good standing in order to vote his share certificate. Shareholders may cumulate their votes for directors as provided in Corporations Code Section 7615.

Section 4. Termination. The Board of Directors may, by affirmative vote of two-thirds (2/3) of all members of the Board, (1) suspend or expel a stockholder for cause (violation of rules, regulations, and rates or as allowed by law) after an appropriate hearing and by majority vote of those present at any duly constituted meeting, and/or (2) may cancel the share certificate or may discontinue water service to the property of any shareholder who becomes in default in the payment of assessments for the period fixed in Article XII of these By-Laws.

At such time as the shareholder shall have paid all delinquent assessments and penalties, or otherwise complied with the rules, regulations, and rates, his water rights and/or share certificate shall be reinstated, unless said share certificate has been sold as provided by law.

Section 5. Transfer of Shares. Shares in this Company are transferable or assignable only with the transfer or assignment of the lot or parcel of land to which it attaches.

Section 6. Rights and Liabilities. No shareholders of the Company shall have any right, title or interest in or to any property or assets of the Company, except upon dissolution.

The private property of the shareholder shall be exempt from execution or other liability for any debts of the Company and no shareholder shall be liable or responsible for any debts or liabilities of the Company.

Section 7. Utilization of Water All water furnished by the Company to its shareholder shall be used exclusively on the land to which the shareholder's share certificate is appurtenant.

ARTICLE V

Meetings

Section 1. Place of Meeting. Unless some other location within the confines of Pine Mountain Club shall be designated by the Board of Directors from time to time, the annual meeting, the quarterly meeting and any special meetings shall be held at the corporate offices located at 16275 Askin Drive, Pine Mountain Club, County of Kern, State of California. Notice of all such meetings shall be posted in the principal office of the Company at least two (2) weeks prior to the meeting in question. If no designation is made, the place of meeting shall be the principal office of the Company; but if all the shareholders shall meet at any time and place, either within or without the State of California, and consent to the holding of a meeting before or after the meeting, such meeting shall be valid with call or notice, and at such meeting any Company action may be taken.

Section 2. Annual Meeting. The annual meeting of shareholders shall be held on the second Saturday in the month of July of each year, beginning with the year 1997 for the purpose of electing directors, passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. It shall be the responsibility of the Board to make adequate plans and preparation for the annual meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Company and, in the event of such failure, the annual meeting shall be held within a reasonable time thereafter.

Section 3. Special Meetings. Special Meetings of the shareholders may be called by resolution of the Board of Directors or by shareholders holding not less than one-fifth (1/5) of the total voting power, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided.

Section 4. Notice of Meetings. Written notice stating the place, day and hour of the meeting and, in case of a special meeting or an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called, shall be mailed, or personally delivered not less than twenty (20) days, nor more than thirty-five (35) days before the date of the meeting, by or at the direction of the Secretary, or upon his default, by any director or by the persons calling the meeting to each shareholder. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the shareholder at his address as it appears on the records of the Company, with postage thereon prepaid. The failure of any shareholder to receive notice of an annual or special meeting of the shareholders shall not invalidate any action which may be taken by the shareholders at any such meeting.

Section 5. Quorum. Twenty percent (20%) of the total number of shareholders entitled to vote (present in person or by proxy) shall constitute a quorum. If less than a quorum is present at any meeting, a majority of those present in person or by proxy may adjourn the meeting from time to time.

Section 6. Voting. Each shareholder entitled to vote shall be entitled to only one (1) vote upon each matter submitted to a vote at a meeting of the shareholders. All questions shall be decided by a vote of a majority of the shareholders voting thereon in person or by proxy,

except as otherwise provided by law, the Articles of Incorporation or these By-Laws and amendments thereto or as directed by the Board of Directors.

Section 7. Proxies. At any meeting of shareholders, a shareholder entitled to vote may vote by proxy executed in writing by the shareholder or by his 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.

Section 8. Informal Action. Any action required by law to be taken at a meeting of shareholders, or any action which may be taken at a meeting of shareholders may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all the shareholders entitled to vote with respect to the subject matter thereof.

ARTICLE VI

Directors

Section 1. General Powers. The business and affairs of the Company shall be managed by a Board of Directors of the Company which shall exercise all of the power of the Company except such as are by law, the Articles of Incorporation or these By-Laws conferred upon or reserved to the shareholders.

Section 2. Qualifications, Number, and Tenure. Each director must be a shareholder in good standing. The number of directors shall conform to the provisions of the Articles of Incorporation as they may be amended from time to time. Directors shall be elected at the Annual Meeting of the Shareholders as set forth in Article V, Section 2 of these By-Laws. Each director shall hold office for a term of one (1) year and until his successor shall have been elected and qualified at the Annual Meeting, which occurs at the end of his term of office. The time of election shall be as specified by the Board of Directors and these By-Laws for the Annual Meeting of the Shareholders. Directors shall be elected by a plurality vote of the Shareholders present at the election meeting.

Section 3. Vacancies. A vacancy or vacancies shall be deemed to exist in case of death, resignation or removal of any director, or if the authorized number of directors be increased, or if the shareholders fail, at any annual meeting of shareholders at which any director or directors are elected, to elect the full authorized number of directors.

The shareholders may elect a director or directors at any time to fill any vacancy or vacancies not filled by the directors. If the Board of Directors accepts the resignation of a director tendered to take effect at a future time, the Board or the shareholders have power to elect a successor to take office when the resignation is to become effective.

Section 4. Compensation and Fees. Directors and members of committees shall serve

without compensation for their services; however, reimbursement shall be made for out of pocket expenses incurred for corporate business.

Section 5. Restrictions on Director's Memberships. During the period that any individual acts as a director of this Corporation, such an individual shall not concurrently act as a director of Pine Mountain Club Property Owner's Association Incorporated or Pine Mountain Club Commercial Property Owners, Inc., California corporations.

Section 6. Hold Harmless Clause. Mil Potrero Mutual Water Company shall indemnify and hold harmless each Director and Officer of MPMWC from and against any liability and damages incurred by any such Director or Officer arising out of or connected with his or her duties.

ARTICLE VII

Meeting of Directors

Section 1. Place of Meeting. Unless some other location within the confines of Pine Mountain Club is designated from time to time, the annual meeting shall be held at **16275 Askin Drive**, Pine Mountain Club, in the County of Kern, State of California and the quarterly meetings and any special meetings shall be held at the Corporate offices located at **16275 Askin Drive**, Pine Mountain Club, County of Kern, State of California.

If no designation is made, the place of meeting shall be the principal office of the Company; but if all members of the Board shall be present at any time and place within the confines of Pine Mountain Club and consent to holding of a meeting before or after the meeting, such meeting shall be valid without call or notice, and at such meeting any Company action may be taken.

Section 2. Organizational Meeting. Immediately following each annual meeting of shareholders, the Board of Directors shall hold a regular meeting for the purpose of organization, election of officers and the transaction of other business. Notice is hereby dispensed with.

Section 3. Regular Meetings. Other regular meetings shall be held on the second Saturday of January, April, and October at 10:00 o'clock A.M. of said day. The July regular meeting shall be held on the second Saturday following the annual and organizational meetings. Notice of all such meetings shall be posted in the principal office two (2) weeks prior to said meeting. Should said day fall upon a legal holiday, then said meeting shall be held at the same time on the following Saturday thereafter ensuing which is not a legal holiday.

Section 4. Special Meetings. Special meetings of the Board may be called by the President, or, if he is absent or unable or refuses to act, by the Vice President or by any two (2)

directors.

Notice of any special meeting shall be given at least ten days (10) previously thereto by written notice delivered personally or sent by mail or telegram to each director at his address as shown by the records of the Company. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed, with postage thereon prepaid. If notice be given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. Any director may waive notice of any meeting before or after said meeting in writing. The attendance of a director at any 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. The business to be transacted at the meeting need not be specified in the notice or waiver of notice of such meeting unless specifically required by law or by these By-Laws.

Section 5. Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board; but if less than a majority of the directors are present at said meeting, a majority of the directors present may adjourn the meeting from time to time.

Section 6. Action. The act of a majority of the directors present at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by law or by these By-Laws.

Section 7. Notice of Adjournment. A ten (10) day written notice of the time and place of holding an adjourned meeting shall be given to all directors.

Section 8. Waiver of Notice. The transaction of any meeting of the Board of Directors, however called and noticed or whatever held, shall be valid as though at a meeting duly held after regular call and notice, if a quorum be present and if, either before or after the meeting, each of the directors not present signs a written waiver of notice or a consent of holding such meeting, or if an approval shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 9. Adjournment. A quorum of the directors may adjourn any directors' meeting to meet again at a stated day and hour subject to Section 7 of this Article; provided, however, that in absence of a quorum, a majority of the directors present at any director's meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board.

ARTICLE VIII

Officers

Section 1. Generally. The officer of the Company shall be a President, Vice President, a Secretary and a Treasurer. The Company may also have, at the discretion of the Board of Directors, a Chairman of the Board, one or more additional vice presidents, one or more assistant secretaries, one or more assistant treasurers and such other officers as may be appointed in accordance with the provisions of Section 2 of this Article. One person may hold two or more offices, however, one person may not hold the offices of both President and Secretary.

Section 2. Election and Term of Office. The officers of the Company shall be elected annually by the Board of Directors at the regular meeting of the Board of Directors. If the election of officers shall not be held at such meeting, such election shall be held as soon as thereafter as conveniently may be. Each officer shall hold office until his successor shall have been duly elected and shall have qualified. New offices may be created and filled at any meeting of the Board of Directors.

The Board of Directors shall develop and may amend from time to time a written policy regarding an election of directors' procedure which shall insure candidates fair and equal access to shareholders in so far as water company funds are used in the election process. The policy shall be available for shareholder inspection.

Section 3. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

Section 4. Terms of Employment. The Board of Directors may appoint, employ, terminate, discharge, fix the compensation and provide for the duties and powers of such officers, agents and employees including removal with or without cause, as in the sole judgment of the Board shall be advisable subject to the provisions of this Article and the provisions of written contracts of employment, if any.

Any officer may resign at any time by giving written notice to the Board, or to the President or to the Secretary of the Company. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; the acceptance of such resignation shall not be necessary to make it effective. Such resignation shall be governed by the terms of the employment agreement, if any.

Section 5. Chairman of the Board. The Chairman of the Board, if there be such an officer, shall, if present, preside at all meetings of the Board of Directors and exercise and perform such other powers and duties as may from time to time be assigned to him by the Board or prescribed by the By-Laws.

Section 6. President. The powers and duties of the President shall be as follows:

- (a) be the principal executive officer of the Company and, unless otherwise determined

by the members of the Board, shall preside at all meetings of the shareholders and the Board;

(b) may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board or by these By-Laws to some other officer or agent of the Company or shall be required by law to be otherwise signed or executed; and

(c) shall, in general, perform all duties incident as may be prescribed by the Board from time to time.

Section 7. Vice-President. In the absence of the President, or in the event of his inability or refusal to act, the Vice President shall perform the duties of the President and, when so acting, shall have all the powers of and be subject to all the restrictions placed upon the President. The Vice-President shall also perform such other duties as from time to time may be assigned to him by the Board or the President.

Section 8. Secretary. The Secretary shall perform the following duties:

(a) keep the minutes of the meetings of the shareholders and of the Board in one or more books provided for that purpose;

(b) see that all notices are duly given in accordance with these By-Laws or as required by Law;

(c) be custodian of the corporate records and of the seal of the Company and affix the seal of the Company to documents, the execution of which on behalf of the Company under its seal is duly authorized in accordance with the provisions of these By-Laws;

(d) keep a register of the names and post office addresses of all shareholders;

(e) have general charge of the books of the Company;

(f) keep on file at all times at the office of the Company a complete copy of the Articles of Incorporation, By-Laws and minutes of the Company containing all amendment thereto (which copy shall always be open to the inspection of any shareholder and, at the expense of the Company, forward a copy of the By-Laws and of all amendments thereto to each shareholder upon request); and

(g) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board or the President.

Section 9. Treasurer. The duties of the Treasurer shall be as follows:

(a) have charge and custody of and be responsible for all funds and securities of the Company;

(b) be responsible for the receipt of, and the issuance of receipts for, all monies in the name of the Company and for the deposit of all such monies in the name of the Company in such investment entities maintaining sufficient reserves and insurances to indemnify the funds from loss of principle, as shall be selected in accordance with the provisions of these By-Laws and

(c) in general perform all the duties incident to the office of the Treasurer and such other duties as from time to time may be assigned to him by the Board or the President.

Section 10. Subordinate Officers. The Board of Directors may appoint such other officers as the business of the Company may require including but not limited to assistant secretaries and assistant treasurers, each of whom shall hold office for such period, have such duties as are provided in the By-Laws or as the Board may from time to time determine.

ARTICLE IX

Seal

The Corporate Seal of the Company shall be in the form of a circle and have inscribed thereon the name of the Company, "Mil Potrero Mutual Water Company", and the word "California" around the outer edge of the seal. The center of the Seal shall contain the words "Incorporated Jan. 25, 1971".

ARTICLE X

Financial Matters

Section 1. Contracts. Except as otherwise provided in these By-Laws, the Board may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name and on behalf of the Company and such authority may be general or confined to specific instances.

Section 2. Checks, Drafts, etc. All checks, drafts or other orders for payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the Company shall be signed by such officer or officers, agent or agents, employee or employees of the Company and in such manner as shall from time to time be determined by resolution of the Board.

Section 3. Deposits. All funds of the Company shall be deposited from time to time to the credit of the Company in such investment entities maintaining sufficient reserves and

insurances to indemnify the funds from loss of principle, as the Board may elect.

Section 4. Contingency Funds. Upon closure and financial review of any fiscal year, monies identified as “Contingency Funds” deemed unspent will be deposited to the Mil Potrero Mutual Water Company Trust Fund.

Section 5. Fiscal Year. The fiscal year of the Company shall begin on the first day of July of each and every year and shall end on the last day of June.

Section 6. Gifts. The Board of Directors may accept on behalf of the Company any contribution, gift, bequest or device for the general purposes or any special purpose of the Company.

Section 7. Fund Accumulations. Funds received, if any, in excess of those funds needed to meet current losses and expenses shall be retained in one or more accounts and shall be earmarked as ‘reserves’ which shall be used to meet future losses and expenses, pay indebtedness, acquire, maintain, replace, or expand needed assets or facilities in order to carry out the business of the Company. In no event shall the accumulation of such amounts exceed the reasonable anticipated needs of the Company. The Company shall maintain records sufficient to reflect the equity of each shareholder / member in the assets acquired with such funds.

ARTICLE XI

Share Certificates

Section 1. Share certificates of the Company shall be in such form as the Board of Directors shall designate and shall be issued over the signatures of the President and Secretary. A certificate book shall be maintained which shall contain a margin on which shall be shown the number, day and name of the shareholder, as set forth in the corresponding certificate.

Section 2. Share certificates of the Company shall be appurtenant to the lots and real property as the same are described and set forth above in Article IV of these By-Laws and shall not be transferable except with the conveyance of the lot or other real property for which said certificate is issued. No fractional certificate shall be issued. Such conveyance of lot or real property shall effect the transfer of the certificate appurtenant to that particular lot or real property to its purchaser.

Section 3. Share certificates of the Company are not transferable or assignable except as specifically provided in these By-Laws.

Section 4. All transfers of such certificates shall be subject to a transfer fee of Twenty-

five Dollars (\$25.00) and to the payment of all indebtedness to the Company of the shareholder whose certificate is transferred.

ARTICLE XII

Assessments and Charges

Section 1. Assessments for the installation, depreciation, maintenance and operation of the pipelines and water system owned by the Company may be levied by the Board on the shareholders from time to time as deemed necessary and any such assessments shall be delinquent thirty (30) days from the date of the call therefor mailed postage prepaid from the office of the Company to such shareholders at their addresses on file with the Secretary.

Section 2. Delinquent assessments, charges or penalties shall be subject to such penalties as may be fixed by the Board. Failure of any shareholder to pay any assessment, charges or penalties when due may in the discretion of the Board constitute a forfeiture of the right to use water from the Company system subject to such procedures as are required by law. However, the defaulting shareholder shall be entitled to a hearing before the Board at a time and place to be fixed by the Board, and the decision of the Board at any such hearing shall be final.

Section 3. In addition to the possible forfeiture of the right to utilize water, share certificates to which delinquent assessments are applicable shall be subject to sale and/or forfeiture as provided by law. The Board of Directors shall have the sole and absolute discretion in determining whether or not sale or forfeiture of share certificates to which delinquent assessments shall be conducted.

Section 4. In addition to the foregoing, the Company, by action of the Board of Directors, may cause a notice of lien to be recorded against the real property owned by a shareholder who is delinquent in payment of any water rates, charges, tolls, or assessments arising from, or related to, water service provided by the Company. Recording said notice of lien shall be pursuant to Cal. Corporation Code § 14304 and notice to the shareholder prior to recording such a lien shall be provided as required by law.

ARTICLE XIII

Operation of Water System

Section 1. The Board of Directors may appoint a General Manager, whose duties may include, but are not limited to, the management of the business and affairs of the Company as directed by the Board of Directors of the Water Company. The General Manager will be responsible for supervising all employees of the Water Company, including the Operations Superintendent position. He shall render a report to the Board of Directors Quarterly (or more

often if so required) setting forth the results of Company operations and shall perform such other duties as the President of the Board may require.

Section 2. The (Operations Superintendent) shall render a report to the General Manager, when such position is filled, for approval and forwarding to the President and Directors quarterly (or more often if so required). He shall perform, or cause to be performed, all acts of maintenance as scheduled for the water system with the maintenance of the necessary records of all maintenance acts setting forth the result of Company operations and shall perform such other duties as the General Manager, President of the Board may require.

Section 3. The General Manager and the Operations Superintendent of the Company shall reside in Pine Mountain Club property within 30 days of their start of employment with the Company. An extension of this time, not exceeding 30 days, may be granted to either employee with the approval of the President of the Board.

ARTICLE XIV

Miscellaneous

Section 1. Waiver of Notice. Any shareholder or director may waive in writing any notice of meeting required to be given by these By-Laws, the Articles of Incorporation or the General Corporation Law of California. The attendance of a shareholder or director at any meeting shall constitute a waiver of notice of such meeting by such shareholder or director, except in case a shareholder or director shall attend a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting has not been lawfully called or convened.

Section 2. Rules, Regulations and Rates. The Board of Directors shall have power to make, adopt and amend such rules and regulations, including rates, charges, and penalties, not inconsistent with law, the Articles of Incorporation or these By-Laws, as it may deem advisable for the management of the business and affairs of the Company.

The General Manager is authorized and charged with application and enforcement of the Rules, Regulations and Rates of Mil Potrero Mutual Water Company and the application of any penalties and/or assessments that may be levied for violations of said Rules, Regulations and Rates. The General Manager or the General Manager's designee is authorized to represent the Company in any small claims actions. Nothing contained in these By-Laws shall limit other penalties and/or assessments from being levied for any violation of the Rules, Regulations and Rates, as determined by the General Manager. In addition, the General Manager may impose any emergency measures as he deems appropriate to protect public health, safety, welfare, comfort and convenience.

Section 3. Accounting System and Reports. The Board shall cause to be established

and maintained, in accordance with generally accepted principles of accounting, an appropriate accounting system and books of account.

Section 4. Record Date and Closing of Share Certificate Book. The Board of Directors may fix a time, in the future, not exceeding thirty-eight (38) days prior to the date of any meeting of shareholders, or the date for any other action affecting the shareholders, as a record date for the determination of the shareholders entitled to notice of and to vote at such meeting or entitled to receive the benefit of any such other action and, in such case, only shareholders of record on the date so fixed shall be entitled to notice of and to vote at such meeting or to receive such benefit, as the case may be, notwithstanding any transfer of any share certificates on the books of the Company after any record date fixed as aforesaid.

Section 5. Inspection of Company Records. The share certificate book, the books of account, the By-Laws and the minutes of proceedings of shareholders and directors and of the executive, if any, and other committees of the directors shall be open to inspection upon written demand of any shareholder at any reasonable time, and for a purpose reasonably related to his interest as a shareholder, and shall be exhibited at any time when required by the demand at any shareholders' meeting of ten percent (10%) of the shareholders represented at the meeting. Such inspection may be made in person or by an agent or attorney, and shall include the right to make extracts. Demand of inspection other than at a shareholders' meeting shall be made in writing upon the President, Secretary or General Manager, if any, of the Company.

Section 6. Reports to Shareholders. Annual reports as required by law, if any, will be given to shareholders and, in any event, the Board of Directors may cause to be sent to the shareholders annual or other periodic reports in such form as may be deemed appropriate by the Board.

Section 7. Construction and Definitions. Unless the context otherwise requires, the general provisions, rules of construction and definitions contained in the California General Corporation Law shall govern the construction of the By-Laws. Without limiting the generality of the foregoing, the masculine gender includes the feminine and neuter, the singular number includes the plural number and the plural number includes the singular, and the term person includes corporations, trusts, as well as a natural person.

Section 8. Miscellaneous Rights and Interests. The rights and interests of shareholders/members in the annual savings of the Company shall be proportionate to the business done with the Company. Upon dissolution, gains from the sale of appreciated assets shall be distributed to all persons who were shareholders during the period the assets were owned by the Company, in proportion to the amount of business done during that period, insofar as is practicable. The financial rights and interests of members shall not be forfeited upon termination or withdrawal.

ARTICLE XV

Dissolution

In the event of the dissolution of the Company, each shareholder shall receive his pro rata portion of the Company property and assets after all of the Company's debts and liabilities have been or provided for.

ARTICLE XVI

Amendments

Section 1. Except as otherwise provided by law or by the Articles of Incorporation, new By-Laws may be adopted or these By-Laws may be amended or replaced by the vote or the written assent of shareholders entitled to exercise a majority of the voting power of the Company.

Section 2. Subject to the right of shareholders to adopt, amend or repeal By-Laws, as herein above provided, By-Laws, other than a By-Law or amendment thereof changing the authorized number of directors, may be adopted, amended or repealed by the Board of Directors.

CERTIFICATE OF PRESIDENT

I, the undersigned, do hereby certify,

1. That I am duly elected and acting President of MIL POTRERO MUTUAL WATER COMPANY, a California Corporation; and

2. That the foregoing By-Laws comprising fifteen (15) pages constitutes the By-Laws of said corporation as duly adopted at a meeting of the Board of Directors thereof held April 12, 2014.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affix the seal of said corporation this _____ day of _____.

Gerald K. Smith
President