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**FIRST RESTATED BYLAWS OF
GEORGE RANCH MUTUAL WATER COMPANY**

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May 2019

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**FIRST RESTATED BYLAWS OF
GEORGE RANCH MUTUAL WATER COMPANY**

ARTICLE I. NAME AND LOCATION

1.1. Name and Location. The name of the corporation is GEORGE RANCH MUTUAL WATER COMPANY (hereinafter, the "Company"). The principal office of the Company will be located in Sonoma County, California, and meetings of Members and the Board will be held at such places within the Sonoma County, as will, from time to time, be determined by the Board of Directors.

1.2. Territory of the Company. The Company will provide water to the residential Lots and the Common Area of the George Ranch subdivision located in Sonoma County, California, and delineated on those certain maps entitled:

- (a) That certain subdivision map entitled "Tract No. 609, Phase I, The George Ranch," filed on September 21, 1982 in Book 338 of Maps at pages 9-17, Official Records of Sonoma County, California (the "Official Records");
- (b) That certain subdivision map entitled "Tract No. 610, Phase II, The George Ranch," filed on February 28, 1983 in Book 342 of Maps at pages 30-43, Official Records;
- (c) That certain subdivision map entitled "Tract No. 611, Phase III, The George Ranch," filed on February 28, 1983 in Book 342 of Maps at pages 44-48, Official Records;
- (d) That certain subdivision map entitled "Tract No. 612, Phase IV, The George Ranch," filed on February 28, 1983 in Book 345 of Maps at pages 1-7, Official Records; and
- (e) Lot 56 as shown on that certain map entitled "Parcel Map No. 7327, filed on July 17, 1981 in Book 323 of Maps at pages 44 to 45, Official Records".

ARTICLE II. DEFINITIONS

Unless otherwise defined or unless the context clearly requires a different meaning, the terms used in these Bylaws shall have the meanings specified in this Article.

2.1 Association means George Ranch Community Association, a California nonprofit mutual benefit corporation.

2.2 Assessments means the assessments of the Members to allocate the annual costs for operating and maintaining the Water System and the Company, and for reserves for future repair and maintenance of the Water System.

2.3 Board means the Board of Directors of the Company.

- 2.4 Common Area means all real property owned, leased or maintained by the Association for the common use and enjoyment of its members.
- 2.5 Company means the George Ranch Mutual Water Company.
- 2.6 Directors means natural persons, elected or appointed to act as Members of the Board of Directors.
- 2.7 Eligible Persons means Members, a lessee or renter occupying a Lot, and elected City or County officials who represent the Members.
- 2.8 Good Standing means a Member has paid all assessments and charges currently due and has not had rights suspended for violation of these Bylaws.
- 2.9 Lot means one of the 56 residential lots of the Properties designated on the Maps.
- 2.10 Maps means the subdivision maps delineated in Article I, section 1.2 of these First Restated Bylaws of George Ranch Mutual Water Company.
- 2.11 Members means the fee titleholders of the lots included in the territory of the Company. The Members are the shareholders of the corporation for purposes of Corporations Code § 14300 et seq.
- 2.12 Owner means the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of any obligation. Every Owner, whether legal or equitable, is subject to assessment and shall be a Member of the Company.
- 2.13 Properties means all of the Lots and parcels shown on the Maps and such additions thereto as may hereafter be brought within the jurisdiction of the Company.
- 2.14 System or Water System means the wells, pipes, valves, pumps, tanks, filters, hydrants, and other equipment for the production, storage, treatment, distribution, and delivery of water to the Members for domestic use and irrigation purposes from the water source to and including the water meters. Water System does not include the water lines, pipes, valves, or other equipment between the water meters and the Lots or located on the Lots after the water meter.
- 2.15 Voting Power of the Company and Voting Power mean the total number of votes of all Members of the Company less the number of votes of Members whose voting rights have been suspended.
- 2.16 Water Charges and Charges mean a fee, rate, or charge set by the Board for water used.

ARTICLE III. MEMBERSHIP

3.1 Membership. The Company has been organized for the purpose of supplying water for domestic use only to the Members of the Company. The number of Memberships shall be limited to 56 each of which shall be represented by a Certificate of Membership pertaining to one of the Lots. If in the future the Company determines to expand its service area to include portions of

land adjoining said Subdivision, additional Certificates of Membership may be issued after a permit to do so or an exemption to such permit has been obtained from the California Commissioner of Corporations. Such additional Certificates, when and if issued pursuant to such permit, shall be issued to and held by persons who now own, or shall hereafter acquire ownership of lots or parcels of land adjoining the Properties. No fractional shares may be issued.

3.2 Transfer of Membership. The Membership of each Owner and the right to vote and receive water shall be appurtenant to said Lot and shall not be transferred, pledged or alienated in any way except upon conveyance or sale of a Lot and then only to the conveyee or purchaser of said Lot as the new Owner thereof. Any attempt to make a prohibited transfer shall be void. Any transfer of title to said Lot shall operate automatically to transfer said Membership to the new Owner thereof.

3.3 Certificates of Membership. Every Member shall have issued to him or her a Certificate of Membership which entitles him or her to one water connection with the mains of the Company, a proportionate share of available water, and to all other rights of Membership in the Company. "Proportionate Share" is defined as 1/56 of the water available for consumption (excluding water which must be held for fire suppression or otherwise as required by law) but not to unreasonably exceed the average historical monthly water use per lot of Members of the Company. Each Certificate of Membership shall be issued in the name or names of the Owner or Owners of the record legal title to the land described in such certificate.

3.4 Transfer of Certificates. Upon transfer of the legal title to the land described in any certificate, the grantor shall surrender such certificate to the Board. The Board, upon application of the grantee, shall issue a new certificate to the grantee upon payment of a transfer fee to be fixed from time to time by the Board for the purpose of covering the costs and expenses incurred in transferring Membership and issuing new certificates. Should such transfer of title result in a partition of the land described in any certificate, the existing certificate shall be surrendered and the new certificate shall be issued to the owner of the parcel with which the water connection has been made or has theretofore been ordered by said Board to be made.

3.5 Lost Certificates. The Board, to the extent that it is permitted by law, may prescribe the conditions upon which new certificates shall be issued to replace lost or destroyed certificates.

ARTICLE IV. MEETING OF MEMBERS

4.1 Annual Meetings. The annual meeting of the Members shall be held no later than 90 days after the close of the Company's fiscal year, on a date and at a time and location as determined by the Board.

4.2 Special Meetings. Special meetings of the Members may be called at any time by:

(a) A majority of the Board.

(b) By written request of not less than 5% of the Voting Power of the Company.

4.3 Place of Meetings. Meetings of the Members shall be held in Sonoma County at a location designated by the Board.

4.4 Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, at least 10 days but not more than 60 days before such meeting to each Member entitled to vote thereat. Notice will be addressed to the Member's address last appearing on the books of the Company, or supplied by such Member to the Company for the purpose of notice. Notice will specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting and that no other business may be transacted. In the case of an annual meeting, if directors are to be elected, the names of all those who are nominees at the time the notice is sent to the Members and those matters which the Board intends to present for action by the Members will be included in the notice. Notice may be given by personal delivery, First Class U.S. Mail, or by electronic means (including, without limitation, electronic mail, facsimile, or text message) where the Member has consented to notice by electronic means.

4.5 Meeting on Request of Members. Within 20 days after delivery to the President or the Secretary of the Company of a written request by at least 5% of the Voting Power, the Board shall cause a notice to be given to the Members entitled to vote that a meeting will be held on a certain date which date is not less than 35 nor more than 60 days after the receipt of the request.

4.6 Quorum.

(a) The quorum for election of directors shall be the number of persons present in person or by proxy at the meeting at which Directors are to be elected or, where election is by written ballot, the number of ballots returned by the deadline for return of ballots.

(b) For all other actions by the Members, the presence either in person or by proxy at any meeting, or by return of written ballots, of 1/3 of the Voting Power will constitute a quorum for any action except as otherwise provided herein. If that quorum is not present or represented by proxy or returned ballots at any meeting, the Board may, unless otherwise provided by law, adjourn the meeting to a date not less than 5 days and not more than 30 days from the meeting date, at which adjourned meeting a quorum will be 25% of the Voting Power.

(c) If a quorum is present at a meeting, the affirmative vote of a majority of the Members represented at the meeting and entitled to vote on any matter shall be the act of the Membership unless the vote of a larger number is required by law, the Articles of Incorporation, or these Bylaws. If a quorum is present at the commencement of a meeting but the withdrawal of Members results in less than a quorum, the affirmative vote of the majority of shares required to constitute a quorum shall be the act of the Members unless the vote of a larger number is required by law, the Articles of Incorporation, or these Bylaws.

4.7 Adjournment. Any meeting of Members, whether or not a quorum is present, may be adjourned by the vote of a majority of the Members represented at the meeting.

(a) If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting, or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting will be given to Members as set forth in section 4.4.

(b) Where Member approval is sought by written ballot without a meeting, if quorum is not obtained by return of written ballots by the date specified for return of ballots, the ballot

due date may be extended by the President or Secretary no less than 5 days or more than 30 days and notice of the extended ballot due date will be given to all Members. Except for election of Directors, no business may be transacted at a meeting in the absence of a quorum other than the adjournment of such meeting, except that, if a quorum is present at the commencement of the meeting, business may be transacted until the meeting is adjourned even though the withdrawal of Members results in less than a quorum.

4.8 Proxies. A Member may be represented at any meeting of Membership by a written proxy signed by the person entitled to vote or by such person's duly authorized attorney-in-fact. A proxy must bear a date within 11 months prior to the meeting, unless the proxy specifies a shorter time. A proxy is revoked by providing a written statement to the Secretary of the Company stating that the proxy is revoked or by a subsequent proxy executed by, or by attendance at the meeting and voting in person by the Member executing the proxy. In the event of action by written ballot, a proxy may not be revoked after the ballot for that proxy has been mailed or delivered to the Company. Every proxy shall automatically be revoked upon conveyance of the Member's Lot.

4.9 Voting. The Company shall have one class of Membership. There shall be one vote for each Lot. When more than one person owns a Lot, all those persons shall be Members. The one vote for that Lot shall be exercised as they among themselves determine, but no fractional votes may be cast and in no event shall more than one vote be cast with respect to any one Lot. A person owning more than one Lot may cast one vote for each Lot he or she owns.

4.10 Record Date. The Board of Directors may fix a time in the future as a record date for the determination of the Members entitled to notice of and to vote at any meeting of Membership. The record date so fixed shall be not more than 60 days or less than 10 days prior to the date of the meeting and not more than 60 days prior to any other action. When a record date is so fixed, only Members of record of that date are entitled to notice of and to vote at the meeting, notwithstanding any transfer of any Membership on the books of the Company after the record date.

4.11 Action without Meeting. Except as provided below, any action which may be taken at any meeting of Members may be taken without a meeting by written ballot. To take action by written ballot, a ballot will be provided to each Member by First Class Mail, personal delivery, or electronic mail at the address appearing on the books of the Company or the address given by the Member to the Company. Each ballot returned will be considered a Member present for establishment of quorum. If enough ballots are returned by the deadline to constitute a quorum, the affirmative vote of a majority of the ballots cast shall be the act of the Membership unless the vote of a larger number is required by law, the Articles of Incorporation or these Bylaws.

ARTICLE V. BOARD OF DIRECTORS

5.1 Board of Directors. Subject to the limitations imposed by law or contained in the Articles of Incorporation, the activities and affairs of the Company shall be conducted and all corporate powers shall be exercised by or under the ultimate direction of the Board.

5.2 Number and Qualification. The number of directors of this Company shall be 5. Directors shall be Members in Good Standing.

5.3 Training. Pursuant to Health and Safety Code §116755, each Board member must complete a two-hour training course, given by a qualified trainer, within six months of joining the Board. The course must cover the duties of board members, including the following: the fiduciary duty of a corporate director; avoiding conflicts of interest; the duty of a public water system to provide clean drinking water; and long-term management of a public water system. A qualified trainer may include a California attorney, a person accredited under ANSI/IACET 1-2007, or a program sponsored by the Rural Community Assistance Corporation or California Rural Water Association.

5.4 Term of Office. At the Members meeting to be held in 2019, the Members shall elect 5 Directors. The 3 candidates with the highest votes shall serve a term of 2 years, the remaining 2 Directors will serve a term of 1 year. In the event of an uncontested election in 2019, the elected Directors shall, by majority vote of such Directors, determine which three Directors will serve for two years and which two Directors will serve for one year. Thereafter, 2 Directors will be elected in even years and 3 Directors in odd years, all serving 2 year terms.

5.5 Nomination. Nomination for election to the Board may be made by a Nominating Committee. Notice to the members of the meeting shall include the names of all those who are nominees at the time the notice is sent. Nominations may also be made from the floor at the annual meeting or the open forum of any Board meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and at least one other Member. The Nominating committee shall be appointed by the Board of Directors not less than 30 days prior to each annual meeting of the members, to serve until the close of such annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. In the event a Nominating Committee is not appointed, the Board shall act as the Nominating Committee.

5.6 Election. The persons receiving the highest votes shall be elected. The Board may choose to conduct voting via voice vote, by written ballots cast at a Membership meeting or by mail, or, where there are only as many or few candidates than seats open on the Board, the Board may declare the candidates elected by acclamation. The secretary will keep a written record of the tally and result for each candidate. Cumulative voting shall not be permitted.

5.7 Vacancies and Removal.

(a) Any Director may be removed from the Board for cause or without cause by a vote of a majority of the Voting Power of the Company. A vacancy created by removal of a Director by the Members can be filled only by election of the Members and the successor director shall serve for the unexpired term of the removed director.

(b) In the event of the death or resignation of a Director, the vacancy shall be filled by appointment by a majority of the Directors remaining in office, or by the sole remaining Director. The successor Director shall serve for the unexpired term of the prior Director. The Members may elect a Director at any time to fill any vacancy not filled by the Board.

(c) The Board may remove a Director who has been declared of unsound mind by a final order of a court or convicted of a felony. The Board may remove a Director who ceases or fails to meet any required qualification that was in effect at the time such Director was

elected. Any removal of a Director by the Board shall be made only upon the majority vote of the Directors who are not the subject of removal.

5.8 Resignation. Any Director may resign by giving written notice to the President or Secretary. Such resignation shall be effective when given unless the notice specifies a later time. The resignation shall be effective regardless of whether it is accepted by the Company.

5.9 Compensation. No Director shall receive compensation for any service he or she may render to the Company in performance of the position of a Director or officer; provided, however, that the Board may cause any Director or officer to be reimbursed for actual expenses incurred in carrying on the business of the Company.

5.10 Committees. The Board may, by resolution adopted by the majority of the Board, designate one or more committees to serve at the pleasure of the Board. At least one Director shall serve on each committee. Committees shall report to the President.

5.11 Indemnification of Directors, Officers, Employees, and Agents.

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

(b) Approval of Indemnity. Upon written request to the Board by any person seeking indemnity under Corporations Code §7237, the Board shall promptly determine whether such person has met the applicable standard of conduct set forth in §7237. If the Board determines that the person seeking indemnity has not met such standard of conduct, the Board shall promptly call a meeting of Members at which the Members shall determine whether the person seeking indemnity has met such standard of conduct.

(c) Advancement of Expenses. To the full extent permitted by law and except as shall otherwise be determined by the Board in the specific instance, expenses incurred by a person seeking indemnity under this Bylaw in defending any proceeding covered by this Bylaw shall be advanced by the Company prior to the final disposition of the proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount unless it shall ultimately be determined that such person is entitled to be indemnified by the Company therefore.

ARTICLE VI. MEETINGS OF THE BOARD OF DIRECTORS

6.1 Time and Place of Meetings and Telephone Meetings. Unless the Board otherwise determines, regular meetings shall be held at least quarterly, on such dates and at such time and location as the Board determines. One meeting shall take place immediately following the annual meeting of the Members. All meetings of Directors shall be held in Sonoma County, as determined by the Board. Meetings may be held by telephonic or video conferencing provided all Directors and Eligible Persons may participate in a meeting and can hear each other.

6.2 Call of Meetings. Meetings of the Board, whether regular or special, may be called by the President or Secretary.

6.3 Notice. Notice of the time and place of meeting shall be given by mail, personal delivery, newsletter, posting in the service area, or on a Company website, or by electronic mail where the Member has consented to receipt of notices by electronic mail, and shall be communicated to Directors and Members not less than 4 days prior to the meeting. Notice of each Board meeting shall contain an agenda setting forth the items to be discussed or acted upon in accordance with Corporations Code § 14305. Notice shall not be required, if there are circumstances that could not have been reasonably foreseen that require immediate attention and possible action by the Board, and that of necessity make it impracticable to provide the required notice.

6.4 Open Meetings. Except as provided in section 6.5 of these Bylaws all meetings of the Board will be open to all Eligible Persons. The Board may restrict participation in discussion or deliberation to Directors only unless Eligible Person participation is expressly authorized by the President or Secretary. However, the Board will establish at each Board meeting, except executive sessions, a reasonable period of time during the meeting for all Eligible Person to speak to the Board (the "Open Forum") and a reasonable time limit for each Eligible Person that desires to speak during the Open Forum. The Board will permit any Eligible Person to speak during Open Forum within those limits.

6.5 Executive Session. The Board may, with approval of a majority of Directors, convene in executive session to discuss and vote upon only the following:

- (a) Potential or pending litigation issues;
- (b) Matters relating to the formation of contracts with third parties, including, without limitation, matters relating to acquisition of property or water rights, and engagement of contractors for maintenance, repair, or replacement services;
- (c) Member discipline;
- (d) Personnel matters;
- (e) To meet with a Member, upon the Member's request, regarding the Member's payment of assessments; or
- (f) Meeting with legal counsel under attorney-client privilege.

Any matter discussed in executive session will be generally noted in the minutes of the immediately following open Board meeting. The Board will meet in executive session if requested by a Member who may be subject to a fine, penalty, or other form of discipline and the Member subject to discipline will be entitled to attend that portion of the executive session.

6.6 Agendas. Except as provided in this section 6.6, Board will not discuss or take action on any item at a non-emergency meeting unless the item was placed on the agenda included with the notice of the meeting.

- (a) A member of the Board may do any of the following:
 - (i) Briefly respond to statements made or questions posed by an Eligible Person.

- (ii) Ask a question for clarification, make an announcement, or make a brief report on his or her own activities, whether in response to questions posed by an Eligible Person or based upon his or her own initiative.
 - (iii) Provide a reference to, or provide other resources for factual information to, the Company's officers or staff.
 - (iv) Request the Company's officers or staff to report back to the Board at a subsequent meeting concerning any matter, or direct the Company's officers or manager to place a matter of business on a future agenda.
 - (v) Direct the officers or staff to perform administrative tasks that are necessary, set and call meetings, and set meeting agendas.
- (b) The Board may take action on any item of business not appearing on the agenda under any of the following conditions:
- (i) Upon a determination made by a majority of the Board present at the meeting that an emergency situation exists. An emergency situation exists if there are circumstances that could not have been reasonably foreseen by the board, that require immediate attention and possible action by the board, and that, of necessity, make it impracticable to provide notice.
 - (ii) Upon a determination made by the Board by a vote of two-thirds of the Directors present at the meeting, or, if less than two-thirds of the Directors are present at the meeting, by a unanimous vote of the Directors present, that there is a need to take immediate action and that the need for action came to the attention of the Board after the agenda was posted.
 - (iii) The item appeared on an agenda for a prior meeting of the Board that occurred not more than 30 calendar days before the date that action is taken on the item and, at the prior meeting, action on the item was continued to the meeting at which the action is taken.

6.7 Action without Meeting. In accordance with Corporations Code §14305(j), the Board shall not take action on any item of business outside of a meeting. The Board will not conduct a meeting via a series of electronic transmissions, including, but not limited to, electronic mail except if there are circumstances that could not have been reasonably foreseen that require immediate attention and possible action by the Board, and that of necessity make it impracticable to provide notice of a meeting. Any action taken by a series of electronic transmissions must have the unanimous vote of the Board.

6.8 Quorum and Required Vote. A majority of the Directors then in office shall constitute a quorum for the transaction of business. Except as otherwise provided by Subsection 7211(a)(8) of the Corporations Code, the Articles of Incorporation, or these Bylaws, every act or decision done or made by a majority of the Directors present at a meeting duly held at which a quorum is present is the act of the Board. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for such meeting. A majority of the Directors present at a meeting, whether or not a quorum is present, may adjourn the meeting to another time and place.

ARTICLE VII. OFFICERS AND THEIR DUTIES

7.1 Enumeration of Officers. The officers of the Company shall be a President, a Secretary, and a Treasurer or Chief Financial Officer. The Company may also have, at the discretion of the Board, one or more Vice Presidents.

7.2 Appointment. The officers of the Company, except such officers as may be appointed in accordance with the provisions of Section 7.3 shall be chosen annually by the Board at the Board's first meeting after each annual Membership meeting and each shall hold his office until he or she shall resign or is removed or otherwise disqualified to serve, or his or her successor is elected.

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

7.4 Removal and Resignation. Any officer may be removed, either with or without cause, by a majority of the Directors, at any meeting of the Board. An officer may resign his office at any time by giving written notice to the President or 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; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Resignation from an officer position does not remove the officer from the Board.

7.5 Vacancies. A vacancy in any office for any cause shall be filled by appointment by the Board at a Board meeting.

7.6 Officer Duties.

(a) President. The President shall be the chief executive officer of the Company and shall, subject to the control of the Board, have general supervision, direction and control of the business and officers of the Company. The President shall have the general powers and duties of management usually vested in the office of the President of a California nonprofit corporation, shall manage the day to day matters of the business, and have such powers and duties as may be prescribed by the Board or by the Bylaws. He or she shall preside at all meetings of the Members and at all meetings of the Board of Directors. He or she shall be ex-officio a Member of all the standing committees, if any, and shall have such other powers and duties as may be prescribed by the Board or the Bylaws.

(b) Secretary.

(i) The Secretary shall attend all meetings of the Board and of the Members and shall keep, or cause to be kept, minutes of each meeting. The Secretary shall keep or cause to be kept, a Book of Minutes at the principal office, of all meetings of Directors and Members, with the time and place of holding, whether regular or special (and if special how authorized), the notice given, the names of Directors present at Board meetings, the number of Members present or represented at Members' meetings, and the proceedings of each meeting.

(ii) The Secretary shall keep, or cause to be kept, at the principal office, a register showing the names of the Members and their addresses and the number of Membership held by each. The Secretary shall keep, or cause to be kept, a register showing the

number and date of Membership certificates issued and the number and date of cancellation of every certificate surrendered for cancellation.

(iii) The Secretary shall give, or cause to be given, notice of all the meetings of the Members and of the Board of Directors required by the Bylaws or by law to be given. The Secretary shall file, or cause to be filed, all statements, reports, and documents required by the Secretary of State and shall have such other powers and perform such other duties as may be prescribed by the Board or the Bylaws.

(c) Chief Financial Officer / Treasurer.

(i) The Treasurer or Chief Financial Officer shall, keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Company, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, and retained earnings. The books of account shall at all reasonable times be open to inspection by any Director.

(ii) The Treasurer shall deposit all moneys and other valuables in the name and to the credit of the Company with such depositories as may be designated by the Board. He shall disburse the funds of the Company as may be ordered by the Board, shall render to the Directors, whenever they request it, an account of all his transactions as Treasurer and of the financial condition of the Company, and shall have such other powers and perform such other duties as may be prescribed by the Board or the Bylaws.

(iii) The Treasurer shall draft or cause to be drafted an annual budget for the Company. The Treasurer will cause the annual review of the Company's financial statement and records to be conducted in a timely manner.

(iv) The Treasurer shall file or cause to be filed all required tax returns.

ARTICLE VIII. COMPANY RECORDS

8.1 Inspection of Corporate Records by Eligible Persons. The Company will make the following records for the current fiscal year and prior 3 years, available upon written request to an Eligible Person upon payment of fees covering direct costs of duplication and delivery:

- (a) Agendas and minutes of Board meetings.
- (b) A copy of the annual budget.
- (c) A copy of accounting reports.
- (d) A copy of any records reporting the results of a water quality test.
- (e) A copy of an annual report that has been distributed to the Members.

Current fiscal year document will be provided within 10 business days of receipt of the written request by the Company. Prior fiscal year documents will be provided within 30 calendar days of receipt of the written request by the Company

8.2 Inspection of Membership List.

(a) The Membership list shall contain a record of name, Lot address, and mailing address of each Member. The Membership list will not include telephone numbers or email addresses, or other information on Members.

(b) The Membership List shall be open to inspection by any Member, at any reasonable time, upon at least 10 business days prior written demand upon the Company which demand shall state the purpose for which the inspection rights are requested. The purpose for inspection of the Membership list must be reasonably related to the person's interest as a Member. Such inspection may be made in person or by an agent or attorney.

(c) In the alternative, any Member may obtain a copy of the Membership List from the Secretary, upon written demand which states the purpose for which the list is requested, and delivery of reasonable charge. The list shall be made available no later than 10 business days after demand is received. The Membership list may be provided in paper or electronic form in the discretion of the Secretary.

(d) In the discretion of the Board, in lieu of providing a copy of the Membership List or inspection of the Membership List, the Board may provide an alternative means for a Member who has requested the Membership List to communicate with other Members. Such alternative method may include, but is not limited to, use of a third-party mailing service, or the Company affixing mailing labels to and mailing sealed, postage-paid envelopes provided by the requesting Member.

8.3 Inspection of Records and Properties by Directors. Each Director has the right to inspect all books, records, documents and physical properties of the Company at any reasonable time; provided, however, where the Directors other than the one requesting access to the books or records reasonably believes the requesting Director intends to use the books and records in a manner that will harm the Company or a Member, the books and records may be withheld by a unanimous vote of the Directors other than the one requesting access and an alternative method of providing the substantive information contained in the records used.

8.4 Inspection of Bylaws. The Company shall keep in its principal business office the original or a copy of the Bylaws as amended or otherwise altered to date, certified by the Secretary, which shall be open to inspection by the Members at all reasonable times. A Member may by written request and payment of the costs of copying or printing and postage, obtain a copy of the Bylaws from the Company.

ARTICLE IX. WATER REGULATIONS AND RULES

9.1 Service Connections. The Company, at the sole cost and expense of the Members for whom connections are made, shall make all connections with its mains and shall install all lateral lines and water meters. In the event of a water shortage emergency as set forth in the California Water Code or other applicable law, the Board may suspend making any new connections to the water system until such water shortage emergency is resolved. Water meters shall be placed at or near the property lines of the respective Members, closest to the mains of the Company. All such connections and installations shall be made by the Company for the respective Members and the

Members shall pay the Company the actual cost thereof. Once meters are installed the Company shall have the sole right to adjust, repair, inspect and replace them. Members shall be responsible for all lines, valves, and other fixtures or equipment on the Lot after the meter.

9.2 Cost of Service. Members shall be entitled to receive a Proportionate Share of water (as defined in section 3.3) through the Company's system for domestic use only, at rates established by the Board - which rates shall cover the actual cost of obtaining, storing and delivering water, administering the Company and funding of reserves for repair, replacement and maintenance of the Water System. Charges for water are payable as set forth in Article X. Members who are in arrears in payment of water charges and/or assessments for more than 30 days shall receive from the Board a notice of delinquency stating that payment shall be made in 15 days from date thereof. The right to receive water may then be terminated, in accordance with California law, if this deadline is not met. Reinstatement shall be at the discretion of the Board and upon such reasonable terms as the Board may determine. The Board may establish a tiered rate system or other system to encourage water conservation when advisable in the Board's discretion. The Board may establish a fee or assessment for lots eligible to receive water but not yet connected to the Water System.

9.3 Conservation Authority. The Company, through the Board, shall have the authority to take any action authorized in these Bylaws or by California law, to enforce necessary conservation or prevent usage of more than the Proportionate Share (as defined in section 3.3) by any Member. In the event of a Member's use of more than his Proportionate Share or to enforce conservation when necessary, the Board may do any or all of the following: (a) impose excess water usage fees and surcharges; (b) restrict (including, but not limited to, installation of flow restriction valves or similar equipment) or suspend a Member's water service; (c) initiation of legal action to enforce these Bylaws; or (d) any other action permitted by law, as determined by the Board. In the event of a water shortage emergency as defined by the California Water Code, the Board may deny requests for new service or expansion of existing service until such water shortage emergency has been resolved.

9.4 Water Use. No more than one residence and necessary outbuildings, including one guest house or granny unit (if permitted by applicable laws and governmental restrictions) and reasonable residential landscaping within the boundaries of the Lot described in each individual Certificate of Membership, shall be served through any one water connection. Water provided by the Company may not be used for commercial or agricultural purposes (for production of food products for sale, donation, or use by other than the residents of the Lot). Water shall not be resold, gifted, or otherwise transferred to any property outside the territory of the Company. Approval of the Board must be secured for extended use of water beyond the above.

9.5 Maintenance, Repair, and Replacement. The Company shall maintain, repair, and replace the Water System. No Member or person not expressly authorized by the Board will perform any maintenance, repair or replacement to the Water System or alter the Water System in any manner. Each Member shall maintain, repair, and replace all water lines, pipes, valves, and other equipment located after the water meter on his Lot or between the water meter and the Lot. Each Member is responsible for periodic inspection for leaks of the water lines, pipes, valves, and other equipment located after the water meter and for promptly repairing any leaks detected.

9.6 Chief Operator's Duties. A Chief Operator or Manager shall be appointed by the Board and shall be removable at their pleasure. The duties of the Chief Operator shall be: To take charge of all of the Water System; to control all labor and supplies used; and to assure distribution of water and compliance with applicable laws and regulations, but at all times subject to the control of the President and Board, and to the rules and regulations herein or that may be adopted.

(a) The Chief Operator shall be responsible to the Company for the properties of the Company and shall make reports (in writing or at a Board meeting) at the end of each month to the Board of all persons hired or employed by him, and a statement of all expenditures in the carrying out of his duties operating and maintaining the Water System, together with a statement of the condition of the System including the water sources, storage and distribution systems, and water quality.

(b) The Chief Operator shall obtain approval of the Treasurer to purchase necessary supplies, but shall have no power to incur any indebtedness unless specifically authorized by the Board to do so.

(c) The Chief Operator shall perform any and all duties required by the President or the Board.

9.7 Rules.

(a) Water produced by the Company shall be deemed to be the amount of water which the pumping plant/plants of the Company in operation deliver continuously at the surface and into the pipe lines or conduits of the Company for actual use of the Members.

(b) Water shall be accumulated or stored for the benefit of the Members, for fire suppression, and to facilitate distribution.

(c) Water shall be charged for at the rate fixed by the Board from time to time. The Board may set special rates for different purposes for which the water may be used. The Board may establish a tiered rate system to encourage water conservation.

(d) All water furnished by the Company to its Members shall be used exclusively on the Lots.

(e) Each Member is liable for payment of all bills for water service furnished by the Company to the tenants, lessees, guests, or family members of the Member.

9.8 Grant of Ingress and Egress to Member's Lot. Each Member at the time of the recording of these Bylaws expressly grants to the Company the right of ingress and egress upon the Member's Lot for the purpose of connecting, and where necessary, disconnecting, the Company's main line to the Member's Lot, and for the maintenance, service, repair, replacement or alteration of the Company's lines, equipment, and stops whenever and wherever necessary.

ARTICLE X. ASSESSMENTS, CHARGES, AND FEES

10.1 Creation of Personal Obligation of Assessments. Each Owner of a Lot by acceptance of a deed therefore, whether or not it is so expressed in such deed, is deemed to covenant and agree to pay to the Company assessments and water charges as may be fixed, established and collected in accordance with these Bylaws. The assessments and water charges, together with interest, collection costs, and reasonable attorneys' fees, shall be the personal obligation, jointly and

severally, of the each person who was the Owner of the Lot at the time when the assessment fell due or the water charge was incurred.

10.2 Assessments, Charges and Fees. The Board may establish both assessments for allocation of annual costs for operating and maintaining the Water System and the Company and for reserves for future repair and maintenance of the Water System (“Assessments”), and charges for individual use water use (“Water Charges”). The Board may set a tiered system for Water Charges for the purpose of encouraging conservation, even if such tiered rate may result in Water Charges and assessment exceeding the actual costs for production and delivery of water. The Board may establish fees for certain services, including but not limited to, transfers of memberships, replacement of certificates, name changes on certificates, establishment of new service, and disconnection or reconnection of water service.

10.3 Purpose of Assessments and Uniform Rate of Assessment. Assessments and water charges must be fixed at a uniform rate for all improved Lots and a uniform rate for all unimproved Lots and may be collected on a monthly, quarterly, or other basis, as the Board may from time to time determine. The assessments levied by the Company shall be used exclusively to bear the cost of selling, distributing, supplying, and delivering water for domestic use and residential irrigation purposes to the Members and for accumulation of reasonable reserves for the maintenance, repair, and replacement of the Water System.

10.4 Assessment Procedures. Written notice of assessment shall be sent to every Owner at least 15 days in advance of each assessment period. Each owner shall thereafter pay to the Company his or her assessment in such installments as determined by the Board.

10.5 Nonuse and Abandonment. No Owner may waive or otherwise escape personal liability for the assessments provided for herein by non-use or abandonment of his or her Lot.

10.6 No Off-Set. No Owner may off-set or deduct any amount from assessments owed. No Owner may off-set amounts the Owner believes the Company owes him, or off-set any amount based on allegations that the Company is not performing its obligations. Owners must pay all assessments and charges under protest then pursue, in an appropriate legal proceeding, any damages they believe they are entitled to.

10.7 Effect on Non-payment of Water Charges or Assessment. Any Water Charge or Assessment which is not paid when due shall be delinquent. The Company may charge a late fee of 10% of the past due assessment or Water Charges or \$10, whichever is greater, and interest at the rate of 10% per annum (or the maximum rate allowed by law) on all sums 30 days or more past due

10.8 Enforcement and Collection. In the event of delinquent payment of Assessments and Water Charges, the Company may enforce payment by any means permitted by law, including, but not limited to the following.

- (a) Lien. Each Member agrees that the Company may, after compliance with the procedures herein, place a lien upon his Lot for unpaid Assessments and Water Charges. 20 days prior to placing a lien, the Company must send the Member by First Class Mail and by delivery to the Lot or electronic mail, a notice of the delinquent amounts, including an itemized statement of the assessments, charges, interest, collection costs, and attorneys’

fees. The notice of delinquent amounts shall be deemed delivered 3 days after deposit in the U.S. Mail first class, with postage pre-paid. If the delinquent amount is not paid within 20 days after the delivery of the notice of the delinquent amounts, the Company may record a notice of delinquent assessments or lien in the Official Records of Sonoma County.

(b) Legal Action. The Company may enforce the payment of Assessments and Charges by instituting and prosecuting a legal action in an appropriate court in Sonoma County.

(c) Suspension of Water Delivery. Each Member agrees that the Company may, after compliance with the procedures herein and in California law, suspend delivery of water to the Member's Lot for unpaid Assessments and Water Charges. 30 days prior to suspending water delivery, the Company must send the Member by First Class Mail and by delivery to the Lot or electronic mail, a notice of the delinquent amounts, including an itemized statement of the assessments, charges, interest, collection costs, and attorneys' fees. The notice of delinquent amounts shall be deemed delivered 3 days after deposit in the U.S. Mail first class, with postage pre-paid. No less than 15 days prior to suspension of water delivery, the Company shall both mail and deliver to the Lot another notice of delinquent amounts and a notice that the Company intends to suspend water delivery. The Company shall make a reasonable effort to contact, by telephone or in person, an adult residing at the Lot at least 48 hours prior to the termination of service and where personal contact cannot be made, the Company shall, at least 48 hours prior to suspension of water delivery, personally deliver and/or post on the door of the Lot, a notice of the date on which water delivery will be suspended if payment is not made.

(d) Suspension of Voting Rights. The right to vote at any Membership meeting shall be suspended for each Owner who is more than 30 days delinquent in payment of Assessments and Water Charges.

(e) Forfeiture of Shares. The Member's right to receive water and the membership in the Company may be forfeited to the Company in accordance with Corporations Code §14303.

(f) Right to a Meeting. Each Member has the right to request a meeting with the Board to discuss his delinquent assessments and water charges and a payment plan. Upon receipt by the Board of a written request for a meeting, the Board shall coordinate a meeting date with the requesting Member, which date is not more than 60 days after receipt of the written request for a meeting. At the meeting, both the Owners and the Board shall, in good faith, try to find a reasonable resolution.

(g) The Company's enforcement options shall be cumulative.

10.9 Certificate of Payment. Upon demand, the Company shall furnish to any Owner liable for any assessments a certificate signed by an officer of the Company setting forth whether said assessments or any portion thereof have been paid. Such certificate shall be conclusive evidence of payment of any assessments or portion thereof therein stated to have been paid. A reasonable charge may be made by the Board for the issuance of any such certificate.

ARTICLE XI. FINANCIAL REQUIREMENTS

11.1 Budget. Prior to the start of each fiscal year, the Board shall prepare, or cause to be prepared, a budget for the next fiscal year which includes estimated operating costs and expenses for the next fiscal year and contribution to reasonable reserves for future maintenance, repair, and replacement costs. The budget will be approved and adopted at an open Board meeting.

11.2 Annual Review. The Board will engage a certified public accountant to conduct an annual review of the financial records and reports of the Company. The review will be subject to generally accepted accounting standards.

11.3 Availability of Budget and Review. Eligible Persons may request a copy of the budget or review and will reimburse the Company for the costs of providing the documents

11.4 Accounts. Assessments collected by the Company will be deposited into at least 2 separate accounts with one or more financial institutions, which accounts shall be designated for the current operation account and the reserve account. The Board shall deposit those portions of the assessments collected for current maintenance and operation into the current operation account and deposit those portions of the assessments collected as reserves for repair, replacement, and future maintenance of Improvements and new capital improvements into the reserve account.

11.5 Reports. The Board shall cause to be prepared and distributed to the owners:

- (a) No later than 90 days after the close of the Company's fiscal year, the annual report required by Section §8321 of the California Corporations Code.
- (b) No less than 60 days prior to beginning of the fiscal year a pro forma operating budget for the coming fiscal year.

ARTICLE XII MICELLANEOUS

12.1 Amendment.

- (a) Except as set forth in subsection (b), Bylaws may be adopted, amended or repealed by affirmative vote of a majority of Board voting at a meeting where a quorum of the Board has been established. Prior to any vote on an amendment by the Board, the Board will provide a copy of the proposed amendment to each Member by First-Class Mail, personal delivery, or electronic mail (when the Member has consented to notice by electronic mail) at least 30 days prior to the meeting at which the Board will act on adoption of the amendment, and Member comments will be heard and considered prior to Board action on the amendment.
- (b) Notwithstanding section (a) above, no amendment or repeal of sections 5.2, 5.4 or this section 12.1, Articles III, IX, or X will be effective until the same have been approved by a majority of the Voting Power of the Company.
- (c) No amendment, whether made under subsection (a) or (b) will be effective until recorded with the Recorder of the Sonoma County. The recording of such amended Bylaws shall have attached to it a certification of the Secretary that the required approval of the Board or Members was obtained.

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

12.3 Contract Execution. The Board, except as otherwise provided in these Bylaws, may authorize any officer or officers, agent or agents to enter into any contract or execute any instrument in the name of and on behalf of the Company, and such authority may be general or confined to specific instances; and unless so authorized by the Board, no officer, agent or employee shall have any power or authority to bind the Company by any contract or engagement or to pledge its credit to render it liable for any purpose or to any amount.

12.4 Fiscal Year. The fiscal year of the Company shall be July 1st through June 30th.

12.5 Remedies; Non-use, No Defense. The Company may enforce these Bylaws by any means permitted by law, including, but not limited to, legal action, suspension of rights (including the right to water service), or fines. The Company may take any one or more of these remedies, it being the intention that the Company's rights are cumulative. Non-use or abandonment of the Lot and non-use of water from the Water System shall not be a defense to any breach of these Bylaws.

12.6 Attorneys' Fees. If either the Company or a Member institutes a legal proceeding, including, but not limited to litigation or arbitration, to enforce any of the terms of this Agreement, the prevailing party in such proceeding will be entitled to recover all costs and expenses, including reasonable attorneys' fees, incurred in the action

12.7 Severability. If any term or provision of these Bylaws is determined to be illegal, unenforceable, or invalid, in whole or in part, for any reason, such illegal, unenforceable or invalid provisions or part thereof shall be stricken from these Bylaws, and such provision shall not affect the legality, enforceability or validity of the remainder of the Bylaws.

12.8 Construction. Unless the context otherwise requires, the general provisions, rules of construction, and definitions contained in the California Non-Profit Corporation Law shall govern the construction of these Bylaws. Without limiting the generality of the foregoing the masculine gender includes the feminine and neuter, the singular Member includes the plural and the plural number includes the singular, and the term "person" includes a corporation as well as a natural person.

CERTIFICATE

I, the undersigned, the duly elected and acting Secretary of George Ranch Mutual Water Company, a California nonprofit mutual benefit corporation, certify that these Bylaws were adopted as the Bylaws of the Company on April ____, 2019, and that they now constitute the Bylaws of the Company.

This Certificate is executed under penalty of perjury on _____, 2019, in Sonoma, California.

_____, Secretary

