

**RESTATED BYLAWS
OF THE
MARKLEEVILLE WATER COMPANY
a California Non-profit Mutual Benefit Corporation**

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EXHIBIT 1	DRAWING MWC2013-0001-00 Service Area Map
EXHIBIT 2	Historical Notes Concerning the Markleeville Water Company
EXHIBIT 3	Schedule of Fixture Units

KEY TO CODE CITATIONS IN THESE BYLAWS (In blue type throughout)

CORP	CALIFORNIA CORPORATIONS CODE
HSC	CALIFORNIA HEALTH AND SAFETY CODE
CCR	CALIFORNIA CODE OF REGULATIONS

ARTICLE I DEFINITIONS

Accessory Dwelling Unit (ADU): a self-contained dwelling unit with a kitchen, bathroom and sleeping area that is attached to or detached from a single-family residence on the same parcel of land.

Junior Accessory Dwelling Unit (JADU): an ADU of no more than 500 square feet that is entirely contained within a single-family residence. The bathroom may be shared.

Assessment: a one-time charge levied on the members by the Board of Directors that is required to pay a cost or debt of the Corporation that cannot be funded from the Corporation's ordinary income from water service charges and standby charges.

Company Agent: an officer, employee, attorney, or other person empowered by these bylaws or the Board of Directors to act or to speak for this Corporation in an official capacity.

Cross Connection: any connection between the Corporation's water distribution system and any foreign water source, or any other possible source of contamination of this Corporation's community water system.

Eligible Person:

- A member of this Corporation, or
- A renter or lessee of commercial or residential space to which this Corporation delivers treated water, or
- An elected official of Alpine County who represents people who receive treated water from this Corporation ([CORP §14307](#))

Good Standing: all of a member's current and past financial obligations to this Corporation with respect to all the member's shares are fully paid.

Indemnification: compensation or reimbursement for expense, loss or damage

Member: the owner of real property in the Corporation's service area that has been issued a share, entered on the records of the Corporation. ([CORP §7312\(e\)](#))

Mutual Benefit Water Company: a private member-owned corporation that operates for the beneficial purpose of delivering water to its members on a not-for-profit basis. Markleeville Water Company is a mutual benefit corporation.

Proceeding: any civil, criminal, administrative or investigative action initiated by this Corporation or by others, by or against this Corporation; threatened, pending, or completed. ([CORP §7237\(a\)](#))

Record Date: the date when any notice, action or resolution of the Board of Directors becomes official and takes effect. A record date is always recorded in meeting minutes or other official records of the Corporation.

Service Area: See Article II of these bylaws and Exhibit 1.

Service Unit: a residence, business, school, church, or other final point of use to which water is delivered by a water service connection.

Share: one unit of ownership interest in the Corporation. Each share is appurtenant to one parcel of land within the Corporation's service area that appears on the records of the Alpine County Assessor.

Water Distribution System: all of the pipes, valves, pumps, tanks, and other physical features owned by the Corporation for the delivery of treated water from the Corporation's water treatment plant to its water service connections and fire hydrants.

Water Service Connection: the termination at which a member may connect to the Corporation's water distribution system. It consists of a valve, commonly called the curb stop, or a water meter-and-valve combination. Water service connections are of two kinds: domestic water service connections and fire protection water service connections.

ARTICLE II SERVICE AREA

Section 1. SERVICE AREA DEFINED.

The service area means the geographic area within which the Corporation provides water service to its members. It is located entirely within Alpine County, California, and is delineated on the map identified as Drawing MWC2013-0001-00, incorporated by reference in these bylaws and attached as Exhibit 1. The original of MWC2013-0001-00 exists in electronic form only and shall be archived by the Corporation's Secretary.

Section 2. CHANGES TO SERVICE AREA.

The service area of the Corporation may be expanded or reduced by Resolution of the Board of Directors, in compliance with all applicable statutes and regulations of the State of California that govern mutual benefit water companies; by vote of the members; or by court action. Consideration of such a Resolution shall always require a formal determination by the Board, entered into the minutes of the meeting in which the Resolution is considered, that sufficient water supply exists to serve the expanded service area without compromise to any service connections in the existing service area. The Alpine County Local Agency Formation Commission (LAFCO) shall be informed of any such change to the service area.

The Service Area Map shall reflect a service area change as soon as practicable, and its number shall be changed to MWC2013-0001-0A. Subsequent changes shall be reflected in the drawing number suffix changing to -0B, -0C, and so on. In its title block, the drawing shall bear a history of revisions, their dates, and brief descriptions. All revisions shall be electronically archived by the Corporation's Secretary. The Secretary shall electronically transmit the original and any revision to any member or agent of a regulatory agency upon request at no charge. Paper copies shall be provided if requested for a charge that reimburses material and labor costs.

ARTICLE III MEMBERSHIP AND SHARES

Section 1. SHARES CONFER MEMBERSHIP.

To hold a share in the Corporation is to be a member of the Corporation. No separate application for membership is required. The Corporation's Secretary shall keep a register of the name and address of each member, the number of shares owned by each member, the parcel of land to which every share is appurtenant, and the date every share was issued. Shares in the Corporation shall be issued only after all money owed to the Corporation is paid.

The Corporation's register of members and shares shall be the only official, definitive and legally binding proof of who holds shares in the Corporation and the parcels to which all shares are appurtenant. Paper share certificates shall be available to members who request them, but share certificates shall not constitute proof, binding on the Corporation or the member, of a share's appurtenance to a parcel or of who holds the share. All share certificates issued after adoption of these Restated Bylaws shall bear a statement to this effect. Any fee for issuance to the member of a paper share certificate shall be determined by the Board of Directors from time to time.

Section 2. SHARES APPURTENANT TO LAND.

Shares in this Corporation are appurtenant to parcels of real property located exclusively within the Corporation's service area. A single parcel of land bearing a single assessor's parcel number shall entitle its owner to one share in this Corporation. [10CCR260.140.71.2\(b\)\(4\)](#) Each share entitles the member holding it to one vote in the affairs of the Corporation. This Corporation cannot issue fractional shares, and shares may not be divided. [10CCR260.140.71.2\(b\)\(5\)](#) A small number of parcels exists within the service area to which shares are not appurtenant at the time these Restated Bylaws are adopted. Their existence within the service area implies no special right to acquisition of a share.

Section 3. TRANSFER OF SHARES.

When a parcel in the Corporation's service area is transferred by any lawful means, and the new owner presents evidence of the recorded transfer to the Corporation's Secretary together with Membership Interest Transfer Fee, the Secretary will:

- (a) Before the transfer can proceed to the steps below, determine that all current and delinquent charges have been paid and liens associated with the parcel have been cleared through the date of the transfer.
- (b) While keeping it on the archival records of the Corporation, cancel the share of the previous owner of the parcel in the records of the Corporation.
- (c) If possible, obtain the previous owner's membership or share certificate, prominently mark it "VOID" and permanently file it.
- (d) Record the name and address of the new member, the parcel of land to which the transferred share is appurtenant, and its date of issuance. The Secretary shall deliver to the new owner one paper copy of the Corporation's Articles of Incorporation and one paper copy of the current bylaws. (CORP §4302) If the new member *requests* it, the Secretary will issue to the new member a paper share certificate and collect the fee for its preparation. The new share certificate shall bear the indication that all Membership* or share certificates pertaining to the same parcel that bear earlier dates of issuance are superseded and void.

* In its early years of existence, the Corporation issued Membership Certificates instead of share certificates.

Section 4. VOLUNTARY SURRENDER OF SHARES.

In case two parcels of real property are consolidated, or for any other lawful reason, the holder of one or more shares may elect to voluntarily detach and surrender one or more shares without transferring the parcel(s) to which they are appurtenant, and with the knowledge that the shares may not be available for reattachment in the future. The offer of surrender must be made by the member in writing.

Shares may be detached and surrendered only to the Corporation. Shares may not be detached and given, sold, transferred or traded among members or to any other entity. Consideration for surrender, if any, shall be negotiated between the member and the Board of Directors before the Board accepts the surrender. The Board of Directors may refuse the offer of surrender. The Board shall refuse any surrender that would cause the Corporation to hold more than two percent (2%) of all existing shares.

Before final acceptance of voluntary surrender, the Board shall cause a warning letter to be delivered to the member that advises the member of rights that will be lost, the improbability of ever recovering a share for the appurtenant parcel, and the possible consequences of owning a parcel to which water service is forever unavailable.

If the Board finally accepts the surrender, the Secretary shall record the surrendered share or shares in the records of the Corporation as the property of the Corporation. If possible, the Secretary shall obtain the Membership or share certificate, prominently mark it "VOID" and permanently file it. The Board may issue the share to another member, only such that the share

becomes appurtenant to another parcel of land within the Corporation's service area as described in Section 6 of this Article.

Voluntary surrender of a share may take effect only after all current and delinquent charges and liens associated with the share or shares to be surrendered have been paid and liens cleared through the date of the surrender. One vote and the right to receive water remain with the share and transfer to the Corporation with it. The right to receive water at the parcel to which the share was originally appurtenant is extinguished by this surrender. (CORP §14302)

Section 5. REVOCATION OF SHARE HOLDING.

The holding of any share upon which an assessment becomes delinquent may be revoked any time thereafter by the Board of Directors. By resolution, the Board may separate the share from the appurtenant parcel and transfer it to the ownership of the Corporation. The right to receive water at the parcel to which the share was appurtenant will be extinguished by this action. Also see Article X, Section 2 of these bylaws.

The Secretary shall record the revoked share in the records of the Corporation as the property of the Corporation. If possible, the Secretary shall obtain the Membership or share certificate, prominently mark it "VOID" and permanently file it. The Board may issue the share to another member, only such that the share becomes appurtenant to another parcel of land within the Corporation's service area. One vote and the right to receive water remain with, and transfer with, the share. (CORP §14303)

Section 6. REDISTRIBUTION OF SHARES HELD BY THE CORPORATION.

Shares held by the Corporation, whether acquired by surrender or revocation, shall ordinarily be redistributed as applied for, first-come-first-served, and exclusively to parcels within the boundary of the service area. Application for a share in the Corporation shall be made on the Share Application form provided by the Corporation and received by the Corporation in the United States mail. In the event more Share Application forms are received in the United States mail on the same day than the number of shares available, the available shares shall be distributed on the basis of a lottery held at the next regular or special meeting of the Board of Directors.

If an Application Form or Forms are received for parcels outside the service area, or partially outside the service area, the Board of Directors shall first consider a Resolution to expand the service area. If the Board adopts a Resolution to expand the service area, it may then redistribute a share or shares if other requirements for issuance are met. If the Board does not adopt a Resolution to expand the service area, the application for a share or shares shall be denied.

The Board of Directors shall levy a one-time charge on the appurtenant parcel that compensates the Corporation for the construction, operation and prior maintenance, repair and replacement of the Corporation's water system for which the surrendered share's previous owner or owners have not paid.

Section 7. CREATION OF NEW SHARES.

Application for a new share in the Corporation shall be made on the Share Application form provided by the Corporation and received by the Corporation in the United States mail. If all conditions for issuance are met, the Board of Directors may issue the share at its next regular meeting. The issuance of new shares is always at the discretion of the Board and in compliance with all applicable statutes and regulations of the State of California that govern mutual benefit water companies. Applicant is responsible for all legal fees incurred by MWC in creating the new share. The Board of Directors may deny the application due to insufficient water supply to support the new share. The Board of Directors shall levy a one-time charge on that parcel that compensates the Corporation for the construction, operation and prior maintenance, repair and replacement of the Corporation's water distribution system for which the owner of the parcel and owner's predecessors, if any, had not paid.

If a situation arises in which the Corporation is ordered by a court of competent jurisdiction to provide a share to the owner of an undeveloped parcel, either within or contiguous to the Corporation's service area, to which there has previously been no appurtenant share in the Corporation, as provided in Section 2 of this Article, the owner of the parcel becomes a member by the court's action. The owner shall submit a Share Application form. The Board of Directors shall levy a one-time charge on that parcel that compensates the Corporation for the construction, operation and prior maintenance, repair and replacement of the Corporation's water distribution system for which that owner and owner's predecessors, if any, had not paid. Upon payment of all the foregoing fees and charges, the Secretary shall record the name and address of the new member, the parcel of land to which the share is appurtenant, and the date it was issued. The member shall pay either the ongoing standby charges or the charges for water service, as applicable, for the parcel thereafter.

Shares will not be issued by the Corporation that would be appurtenant to parcels that are not either within or contiguous to the Corporation's service area. Such parcels may not receive water service from the Corporation. Also see Section 6 of this Article.

Section 8. SUBDIVISION OF PARCELS.

When the owner of a parcel of real property in the Corporation's service area subdivides that parcel, the owner shall present evidence of the recorded deeds of the separate parcels resulting from the subdivision to the Corporation's Secretary together with a Share Application form for the parcel or parcels newly created by the subdivision. The Secretary shall forward these documents to the Board of Directors for action on the application for the new share or shares.

If the Board acts to issue the new share or shares, the Secretary shall:

- (a) Cancel the share appurtenant to the original parcel and file it in the archival records of the Corporation.

- (b) If possible, the Secretary shall obtain the Membership or share certificate appurtenant to the original parcel, prominently mark it "VOID" and permanently file it.
- (c) Record the name and address of the member, the subdivided parcels of land to which the new shares are appurtenant, and the date of issuance. If the member requests it, the Secretary will issue to the member new paper share certificates and collect the fee for their preparation. The new share certificates shall indicate that all Membership or share certificates pertaining to the parcel that was subdivided and that bear earlier dates of issuance are superseded and void.
- (d) If parcels created by the subdivision are to be transferred, the new shares shall be issued to the original owner (the subdivider) first. Then, transferred shares will be handled as transfers upon presentation of proof of transfer to the Secretary as set forth in Section 3 of this Article.

Issuance of a share or shares by the Board for the newly created parcel(s) is not assured for one of two possible reasons: Corporation-held shares may not be available for redistribution, or the Corporation may not be issuing new shares due to insufficient water supply to support them. Therefore, a member is advised to apply for the additional share or shares before undertaking a contemplated subdivision.

Section 9. MEMBER CONTACT AND REPRESENTATION.

It is every member's responsibility to keep the member's current contact name(s), postal mailing address, telephone number(s), and email address on file with the Corporation's Secretary so that billing and other communications from the Corporation can always reach the member in a timely manner. The member is solely responsible for all consequences that may arise if billing and other communications fail to reach the member because contact information in the Corporation's register is not up to date.

The Corporation sends bills only to members and not to tenants or tenants' agents. The Corporation's Secretary will send other communications to any eligible person upon request. Members are fully responsible for the compliance of tenants with these bylaws and with all actions of the Corporation that may affect them and are financially responsible for the consequences of any noncompliance by tenants and by all other persons present on the member's parcel.

A member that is not a natural person or persons, such as a corporation or government agency, shall designate, in writing, one person and one alternate person who will be that member's official representative and point of contact to this Corporation. Those persons' names, mail stops, telephone numbers and email addresses shall be placed on file with the Secretary of this Corporation. Those persons, and only those persons, shall be authorized to communicate with the Corporation on behalf of the member in a binding manner on all subjects. One of those persons, and only one of those persons, may cast votes on behalf of such a member. ([CORP §7517\(b\)\(1\)](#))

When a share is held in the names of two or more persons, a single person must be designated to vote that share.

ARTICLE IV BOARD OF DIRECTORS

Section 1. POWERS.

Except for actions and approvals reserved to the members by the Articles of Incorporation and these bylaws, the Board of Directors manages and directs the business and affairs of this Corporation and exercises all corporate powers, subject to California non-profit mutual benefit corporation law. The Board may delegate the management of business operations to a management company or another person, but the ultimate responsibility for the business and affairs of the Corporation, and all corporate powers, is retained by the Board. ([CORP §7210](#))

Without prejudice to the foregoing general powers, and subject to the reservations above, the Board has the following specific powers, including but not limited to:

- (a) Selecting and removing all officers, agents and employees of the Corporation; prescribing powers and duties for them consistent with law, the Articles of Incorporation, and these bylaws, and setting their compensation.
- (b) Making rules and regulations and establishing policies consistent with law, the Articles of Incorporation and these bylaws, as they may deem best.
- (c) Operating and maintaining the Corporation's physical infrastructure.
- (d) Moving the Corporation's office from one location to another.
- (e) Adopting, making, and using a corporate seal.
- (f) Borrowing money on behalf of the Corporation, and causing promissory notes, bonds, debentures, deeds of trust, mortgages, other evidence of debt and securities to be executed and delivered for the Corporation's purposes and in the Corporation's name.
- (g) Establishing and continuously maintaining a financial reserve account for repairs and replacements that is sufficient to sustain continuous operations. ([CORP §14301.3\(b\)](#))
- (h) Fixing and defining the rates to be charged to the members for water service, defraying the costs of other services and activities required to provide water, maintaining the Corporation's physical infrastructure, contributing to the reserve account; establishing policies to assure the timely collection of those charges.
- (i) Levying and collecting assessments upon the shares of this Corporation.
- (j) Executing contracts for goods and services on behalf of the Corporation.

- (k) Purchasing and maintaining insurance.
- (l) Initiating proceedings and defending the Corporation in proceedings against it.

Directors may not act on any item of business outside a duly noticed meeting. See also Article VIII, Section 10 of these bylaws. ([CORP §14305](#))

Section 2. NUMBER, QUALIFICATION, COMPENSATION.

There shall be no fewer than three (3) nor more than five (5) Directors. Each Director must be a member in good standing at the time of nomination, for at least two years prior to nomination, and must remain in good standing while a Director. If a member is represented as set forth in Article III, Section 8, one of that member's official representatives may serve as a Director of this Corporation. Directors shall serve without compensation. [10CCR260.141.71.2\(b\)\(7\)](#)

If one share is held by more than one person (for instance, a married couple) only one of those persons may serve on the Board. Alternative scenarios can be envisioned where it is difficult to apply this provision with certainty. In such cases, the Board of Directors shall make the final decision, guided by the principles that it is necessary to avoid the concentration of more than one vote per share on the Board and that it is also necessary to avoid the *appearance* that there might be the concentration of more than one vote per share on the Board.

Section 3. NOMINATION, ELECTION, TERM OF OFFICE.

Directors of this Corporation hold office for four-year terms that begin immediately following the regular annual meeting of the members at which they are elected. Directors' terms shall be staggered so that at least one Director is elected each year and no more than two Directors are normally elected in the same year. ([CORP §7220](#)) Election of Directors to full terms is reserved to the members. Elections shall be held to fill all vacancies if enough candidates are available.

Any candidate to serve as a Director may be nominated by any member in good standing. Candidates may be nominated by voice at the same meeting of the members at which Directors are to be elected, and nominations may also be submitted in writing, by United States mail to the Secretary, as early as 30 days before the meeting. Candidates not so nominated before the time of the meeting may be nominated by the Board at the meeting of members. Nominations may not be accepted after adjournment of the meeting of members.

Election of Directors to full terms shall only be by paper ballots and not by voice or show of hands. In the absence of a quorum at the meeting of members, ballots shall be mailed to the members as soon as practical after the meeting of members. Ballots shall state the number of Directorates to be filled, the names of all candidates nominated, that the minimum number of ballots returned to constitute a valid election must be not less than a quorum of a meeting of members, and the number of affirmative votes required to elect a candidate or candidates. In order to be valid, the ballot must be signed by the member. ([CORP §7513](#), [7517](#))

When the number of candidates is the same as the number of vacant Directorates, then each member may cast either an affirmative or negative vote, separately, in favor of the election of each candidate. Any candidate receiving a simple majority of affirmative votes shall be elected.

When there are more candidates than the number of vacant Directorates, then each member may cast either an affirmative or negative vote for each candidate, provided that member's affirmative votes may not exceed the number of vacant Directorates. Candidates receiving the greatest numbers of affirmative votes shall be elected to the vacant Directorates. Cumulative voting is not allowed in elections of Directors.

It is not required that all vacant seats on the Board of Directors be filled by the members if enough qualified candidates cannot be found. However, the final result of an election may not be a Board of less than three (3) Directors.

There is no limit to the number of terms a Director may serve.

Section 4. VACANCIES.

A mid-term vacancy or vacancies in the Board of Directors shall exist in any of the following cases: ([CORP §7221, 7224](#))

- (a) The death of a Director.
- (b) A Director fails to maintain good standing in the Corporation.
- (c) The resignation of a Director by giving written notice to the President, Secretary-Treasurer or Board of Directors.
- (d) Removal of a Director by vote of a majority of the shares represented at a duly called meeting of the members at which a quorum is present, or as otherwise provided in these bylaws. A vacancy so created may be filled by the members only at the same meeting of the members as provided in Section 3 of this Article, provided a quorum is still present.
- (e) If, at any meeting of members at which a Director or Directors is to be elected, the members fail to fill all vacant Directorates.
- (f) The Board of Directors, by resolution, declares vacant the office of a Director who has been declared of unsound mind by an order of court or has been convicted of a felony.
- (g) If the authorized number of Directors is increased by amendment of these bylaws.

If a Director fails to attend more than three consecutive meetings of the Board of Directors, including special meetings, the Board may remove that Director from the Board and declare the position vacant.

Mid-term vacancies created in these and all other ways may be filled by a majority of the remaining Directors, even if less than a quorum, or by a sole remaining Director. (CORP §7224)

If, at any time, the Directors fail to fill any vacancy or vacancies, the members may elect a Director or Directors at any time by nomination and the vote of a majority of the shares entitled to vote, at a duly held special meeting at which a quorum is present, or by mailed paper ballot as provided in Section 3 of this Article.

A Director appointed or elected to fill a mid-term vacancy shall hold office until the expiration of the vacated term. A Director who has filled a mid-term vacancy may be elected to the succeeding full term. (CORP §7220)

Section 5. PERFORMANCE OF DUTIES, LIABILITY.

Every Director shall perform the duties of a Director, including duties as a member of any committee, in good faith, in a manner the Director believes to be in the best interests of the Corporation and its members, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

In performing his or her duties, a Director is entitled to rely on information, opinions, reports, or statements, including financial statements and data, prepared or presented by any of the following:

- (a) One or more officers or employees of the Corporation whom the Director believes to be reliable and competent in the matters presented.
- (b) Legal counsel, independent accountants or other experts as to matters the Director believes to be within that person's expertise.
- (c) A committee of the Board upon which the Director does not serve, as to matters within its designated authority, and in which the Director has confidence.

The Director must act in good faith, making reasonable inquiry when circumstances indicate, and without knowledge that such confidence is unjustified.

A person who performs the duties of a Director according to this Section of these bylaws shall have no liability based upon any alleged failure to discharge his or her obligations as a Director. (CORP §7231)

Section 6. CONTRACTS WITH DIRECTORS.

A Director of this Corporation shall not have an interest in a contract or other financial transaction with this Corporation, either directly or indirectly, unless conditions (a) or (b) below are met. And,

A Director of this Corporation shall not have a material financial interest in a contract or other financial transaction with another corporation or other entity in which other Directors of this Corporation are also Directors unless conditions (a) or (b) below are met.

- (a) The material facts about the Director's financial interest in the proposed contract or transaction or about the common Directorship are fully disclosed to the members of this Corporation and the contract or transaction is approved by the members in a meeting of the members. The interested Director may not vote upon this approval.
- (b) The material facts about the Director's financial interest in the proposed contract or transaction or about the common Directorate are fully disclosed to the Board of Directors. The Board may authorize the contract or transaction as an agenda item in a regular or special Board meeting and approve it by majority vote. The interested Director may not vote upon this authorization. The authorization and the reasons for it shall be entered in the minutes of the meeting. ([CORP §7233](#))

Section 7. LOANS TO DIRECTORS AND OFFICERS.

The Corporation shall not lend any money or property to, or guarantee any obligation of, any Director or officer of the Corporation.

Section 8. CONFLICT OF INTEREST.

The Board of Directors of the Corporation shall adopt and maintain in effect a Conflict of Interest and Ethics Policy that obligates the Directors to perform their duties ethically, avoid potential and actual conflicts of interest and disclose all financial activities with the potential to create conflicts of interest.

Each Director shall sign the Corporation's Conflict of Interest Agreement annually.

Section 9. TRAINING.

Each Director, shall, within six months of taking office, complete a two-hour course offered by a qualified trainer about the duties of Board members of mutual water companies, including fiduciary duties, the duties of public water systems to provide clean drinking water that complies with the federal Safe Drinking Water Act, long-term management of a public water system and the duty of a corporate Director to avoid contractual conflicts of interest. Directors shall repeat this training every six years. The Corporation shall reimburse Directors for the cost, if any, of such training. ([HSC §116755](#))

In the event the required training is unavailable because there are no qualified trainers, this fact shall be entered in the records of the Corporation. Directors shall complete the training as soon as availability is re-established.

Section 10. RIGHTS OF INSPECTION.

Every Director shall have the right to inspect and copy all Corporation books, records and documents of every kind and to inspect the physical properties of the Corporation at any reasonable time. The inspection and copies may be made in person or by an agent or attorney. If by an agent or attorney, such inspection and copying may be made only in the presence of at least one Director not represented by the agent or attorney.

Section 11. COMPANY AGENT.

Company agents are appointed as needed and found qualified by the Board of Directors.

ARTICLE V OFFICERS

Section 1. OFFICERS, COMPENSATION, TERM OF OFFICE.

The officers of the Corporation shall be the President, the Vice President, and the Treasurer. The Treasurer shall be the Chief Financial Officer required by law. The Vice President, but not the President, may also serve as the Treasurer. The President and Vice President shall be Directors. Officers shall serve for one year. ([CORP §312](#))

The duties of Secretary and Treasurer may be separate or combined as Secretary-Treasurer. Either post, or the combination, may be filled by a Director or by another member in good standing. The President and Vice President shall serve without compensation. The terms Secretary or Treasurer, when used separately in these bylaws, mean Secretary-Treasurer if the positions are combined.

The Secretary-Treasurer, or Secretary and Treasurer, as applicable, may be compensated as determined by the Board of Directors from time to time, for their actual time spent on the duties of those posts and for any expenses they incur in connection with the duties of those posts. If the Secretary and/or Treasurer are also Directors, their duties as Secretary and Treasurer, which may be compensated, shall be kept separate from their service as Directors, for which they are not compensated. ([CORP §7213](#)), [10CCR260.140.71.2\(b\)\(7\)](#))

Section 2. SUBORDINATE OFFICERS.

The Board of Directors may appoint, and may empower the President to appoint, subordinate officers, including an assistant secretary and/or an assistant treasurer. Each subordinate officer shall hold office for as long, have such authority, and perform such duties as the Board may prescribe and as provided in the Bylaws. Subordinate officers shall be members of the Corporation in good standing and may be employees of the Corporation or independent contractors.

Section 3. ELECTION OF OFFICERS.

The officers of this Corporation shall be elected by the Board of Directors at its first meeting after the annual meeting of members of each year. Officers may be elected to successive terms without limit. See Section 4 of Article VIII. ([CORP §7213\(a\)](#))

Section 4. REMOVAL AND RESIGNATION OF OFFICERS.

Officers serve at the pleasure of the Board of Directors. Any officer may be removed, either with or without cause, by the Board of Directors at any regular or special meeting of the Board. Removal of a subordinate officer is subject to that officer's rights under any contract between that officer and the Corporation.

Any officer or subordinate officer may resign at any time by giving written notice to the President or the Secretary of the Corporation. Any resignation shall take effect on the date the notice is received or at any later time specified in the notice. Unless otherwise specified in the notice, acceptance of the resignation is not necessary to make it effective. Any resignation does not prejudice the Corporation's rights under any contract between that officer and the Corporation. ([CORP §7213\(b\)](#))

Section 5. VACANCIES IN OFFICES.

A vacancy in any office for any cause shall be filled at the next regular or special meeting of the Board of Directors.

Section 6. DUTIES OF THE PRESIDENT.

The President shall be the Chief Executive Officer of the Corporation and shall provide general supervision and management of the business of the Corporation, subject to the control of the Board of Directors. He or she shall preside at all meetings of the members and at all meetings of the Board of Directors. He or she shall have such other powers and duties as may be prescribed by the Board or these bylaws.

Section 7. DUTIES OF VICE PRESIDENT.

In the absence or disability of the President, the Vice President shall perform all the duties of the President, and when so acting shall have all the powers of, and be subject to the same restrictions as, the President. The Vice President shall have such other powers and perform such other duties as may be prescribed by these bylaws, the Board, and the President.

Section 8. SUCCESSION TO PRESIDENCY.

In the absence or disability of the President and Vice President, then the Treasurer shall perform all the duties of the President if the Treasurer is a Director. When so acting, the Treasurer shall have all the powers of, and be subject to all the restrictions upon, the President. If the offices of Secretary and Treasurer are separated, the Vice President is succeeded by the Treasurer, then by the Secretary if both are Directors. If the Secretary-Treasurer, Treasurer, or Secretary, as applicable, are not Directors, the remaining Directors elect one of the remaining Directors to perform all the duties of the President.

Section 9. Treasurer and Secretary

Section 9.1 DUTIES OF TREASURER.

If the office of Treasurer is separated from the post of Secretary, it shall be the duty of the Treasurer as the Corporation's Chief Financial Officer:

- a) To keep proper and correct books of account showing the true financial condition of the Corporation.
- b) To sign all checks for the withdrawal or expenditure of funds, as directed by the Board of Directors.
- c) To accept and receive all monies of the Corporation and deposit them in accounts approved by the Board of Directors.
- d) To keep a true and accurate record of all monies of the Corporation received and disbursed.
- e) To present a financial statement at each regular meeting of the Board of Directors and of the membership.
- f) To pay out and disburse funds of the Corporation as authorized by the Board of Directors.
- g) To perform such other duties as may be assigned by the Board.

Section 9.2 DUTIES OF SECRETARY.

If the post of Secretary is separated from the office of Treasurer, it shall be the duty of the Secretary:

- (a) To keep a record of all the minutes, acts and proceedings at the regular annual meetings and at special meetings of the members and at regular and special meetings of the Board of Directors.
- (b) To give, or cause to be given, notice of all meetings of the members and of the Board of Directors and committees thereof required to be given by these bylaws or by law.
- (c) To keep the Corporation's seal and affix it to all papers requiring the seal.
- (d) To keep the records of shares issued to members, a record of share transfers, and a membership ledger showing the shares issued to and transferred by any member, the dates of issuance and transfer, voluntary surrenders of shares and revocations of shares.
- (e) To keep all other books, records, contracts and other documents relevant to the Corporation.
- (f) To sign other documents required to be executed on behalf of the Corporation.
- (g) To perform such other duties as may be assigned by the Board.

Section 9.3 DUTIES OF SECRETARY-TREASURER.

If the office of Treasurer and the post of Secretary are combined, the Secretary-Treasurer shall perform all the duties set forth in Sections 9.1 and 9.2.

Section 10. AUTHORITY TO SIGN CONTRACTS.

Only the President shall have the authority to sign contracts on behalf of the Corporation. In case of disability of the President, the Vice President or other Directors shall be empowered to sign contracts in accordance with the succession set forth in Section 8 of this Article. Either an original signature or an electronic signature is acceptable. In either case, the signatory's name shall be added in printed type to enable positive identification.

ARTICLE VI STAFF

Section 1. GENERAL MANAGER.

If needed, a General Manager may be engaged by the Board of Directors, with or without compensation, to manage the daily operations of the Corporation, including interactions with the Licensed Operator or Operators; management of subcontractors and labor hired; the hiring and discharge of casual labor; responsibility for all aspects of regulatory compliance; interactions with members; and other tasks and responsibilities that may be agreed upon between the Board and the General Manager. The General Manager is accountable to the Board for the satisfactory performance of his or her duties. A Director may serve as General Manager and shall be eligible for compensation only for the duties performed as General Manager, and not for compensation related to service as a Director. [10CCR260.140.71.2\(b\)\(7\)](#) If a Director is a candidate for the position of General Manager, that Director may not be present during any part of the employee selection process.

The General Manager may not be present when his or her performance is evaluated by the Board or decisions are made regarding compensation for his or her service as General Manager.

Section 2. LICENSED OPERATORS.

The Markleeville Water Company operates a T2 water system as defined in the California Health and Safety Code, (HSC §116275) so the Company's water treatment facilities shall be operated at all times by a licensed Chief Operator holding a minimum certification of Grade T2. The Company's raw water collection and finished water storage and distribution systems shall also be under the control of the Chief Operator, who shall also hold a minimum certification of D1.

The Chief Operator may be assisted by a licensed Shift Operator whose work shall be under the control of the Chief Operator at all times. The Shift Operator shall hold a minimum certification of Grade T1. [\(22CCR §63765\(a\)\)](#)

A licensed Operator may not be present during any part of the employee selection process, when his or her performance is evaluated by the Board or decisions are made regarding compensation for his or her service as an Operator. [10CCR260.140.71.2\(b\)\(7\)](#)

Section 3. SECRETARY.

If the post of Secretary is separated from the office of Treasurer, then the Secretary may not be present during any part of the employee selection process, when his or her performance is evaluated by the Board or decisions are made regarding compensation for his or her service as Secretary.

ARTICLE VII MEETINGS OF MEMBERS

[10CCR260.140.71.2\(b\)\(8\)](#)

Section 1. PLACE AND TIME OF MEETINGS.

All meetings of members of the Corporation shall be held at places designated by the Board of Directors of the Corporation. The regular annual meeting of members shall be held at 10:00 AM on a Saturday in the month of August designated by the Board. Special meetings of the members shall be held at places and times designated by the Board as set forth in Section 4 of this Article.

Section 2. WHO MAY ATTEND.

Annual and special meetings of the members may be attended by members of the Corporation, whether in good standing or not, and by eligible persons. Other persons may be permitted to attend at the sole discretion of the presiding officer. Meetings of the members of this Corporation are not open to the general public.

Section 3. NOTICE OF ANNUAL MEETING OF THE MEMBERS.

Notice of the annual meeting shall be provided as set forth in Section 6 of this Article and shall list all matters which the Board of Directors intends, at the time the notice is given, to present for action by the members. At each annual meeting of the members, expiring Director positions shall be filled by nomination and election by the members if a quorum is present. Names of candidates for expiring Directors' positions known when notice is given shall be listed in the notice. Members may submit items to be placed on the agenda of the annual meeting of the members for consideration by the Board at any time before the last Board meeting before notice is to be given. The decision whether to place the proposed item on the agenda rests with the Board. [\(Corp §602\(a\)\)](#)

Section 4. NOTICE OF SPECIAL MEETINGS OF THE MEMBERS.

A special meeting of the members may be called at any time by the Board of Directors, by the President, or by a member representing at least five percent (5%) of the voting shares. No other persons may call special meetings of the members of the Corporation. (CORP §7510(e))

When so requested, the Secretary shall notify all members entitled to vote that a special meeting will be held, at a place designated by the Board, at a time not less than 35 nor more than 90 days after the Secretary receives the request. If the notice is not issued within 20 days after the Secretary receives the request, the Board, President or member requesting the meeting may issue the notice. Notices shall be sent or otherwise delivered as set forth in Section 6 of this Article. (CORP §7511(c))

The notice of any special meeting of the members shall outline the general nature of the business to be transacted. No other business may be transacted at a special meeting. (CORP §7511(a)(1))

Section 5. MEASURES ALWAYS REQUIRING SPECIAL NOTICE.

If it is proposed to act at any annual or special meetings to:

- (i) approve a contract or transaction in which a Director has a direct or indirect financial interest, (CORP §7233)
- (ii) amend the Articles of Incorporation, (CORP §7812 and §7813)
- (iii) sell or transfer of all or most of the Corporation's assets, (CORP §7911)
- (iv) merge the Corporation, (CORP §8012)
- (v) voluntarily dissolve the Corporation, (CORP §8610(a))

then the detailed nature of that proposal shall always be stated in the meeting notice or in the written waiver of notice received from each Member entitled to vote on the measure under consideration.

Section 6. MANNER OF GIVING NOTICE, AFFIDAVIT OF NOTICE.

The Secretary shall give notice to the members of *any* meeting of members by first-class mail at the members' mailing addresses appearing on the Corporation's records as set forth in Section 8 of Article III of these bylaws. Notice is given when deposited in the United States mail and may not be given electronically. Notices of all meetings of the members shall be given not less than ten (10) nor more than ninety (90) days before the date of the meeting and shall specify the place, date and time of the meeting. If no such addresses appear on the Corporation's records, notice is given if the notice is published at least once in a newspaper of general circulation in eastern Alpine County when one exists. (CORP §7511(a)(2))

If any notice sent to a member at that member's mailing address is returned by the Postal Service, marked to indicate that the Postal Service is unable to deliver the notice at that address, then all future notices shall have been duly given without further mailing if such notices are made available to the member on his or her written demand at the Corporation's office for a period of one year from the date the returned notice was mailed.

Notice of every meeting of the members shall also be posted in at least two locations within the Corporation's service area not less than three days before the date of the meeting.

The Secretary shall include an affidavit of the mailing of the notice of every meeting of the members with the minutes of the meeting. The Secretary's signature is sufficient validation of the affidavit. Affirmation by a third party is not required.

Section 7. QUORUM.

A quorum at *any* meeting of the members shall consist of members of the Corporation in good standing, present in person, holding not less than twenty percent (20%) of the shares in the Corporation. (CORP §602(a)(b)) If notice cannot be given in strict accordance with Section 6 of this Article, then a quorum shall consist of members of the Corporation in good standing, present in person, holding not less than one-third (1/3) of the shares in the Corporation. (CORP §7511(a)(2))

The members present at a duly called meeting at which a quorum is initially present may continue to do business until adjournment, even after the departure of members leaves less than a quorum. Any action taken, other than adjournment, shall be approved by affirmative vote of at least a majority of members required to constitute a quorum. (CORP §602(a)(b))

Section 8. ORDER OF BUSINESS.

The following order of business shall be observed at all annual and special meetings of members, to the extent practicable:

- (a) Roll call, determination of quorum
- (b) Reading, correction and approval of minutes of previous meeting(s)
- (c) Reports of Officers
- (d) Financial Report
- (e) Reports of Committees
- (f) Election of Directors
- (g) Unfinished Business
- (h) New Business
- (i) Adjournment

Business shall be conducted at all meetings of the members according to Robert's Rules of Order.

Item (a) of the order of business shall always be performed, and the Secretary shall announce the presence or absence of a quorum. At the discretion of the Corporation officer presiding, items (c), (d), or (e) may be presented to members present, even if less than a quorum, or the officer may adjourn the meeting. Minutes of previous meeting(s), item (b), may be read but not corrected or approved if less than a quorum is present. Items (f), (g), and (h) may not be acted upon in the absence of a quorum.

The Secretary shall distribute the results of the Roll Call, all Reports from the annual meeting of the members, and the unapproved Minutes of the meeting to the members, together with the next water service billing following the meeting of members. If less than a quorum attended the meeting of members, the documents mentioned in this paragraph may be held and instead distributed together with the ballots that will be transmitted to members to elect Directors and act on any business that could not be transacted without a quorum.

Section 9. VOTING IN A MEETING.

Each member in good standing shall be entitled to vote that member's shares on each matter submitted to a vote of the members. Each share in the Corporation shall entitle the member holding it to one vote. Members not in good standing in the Corporation on the account of even a single share shall not be entitled to vote any of their shares until they restore their good standing.

If a quorum is present at the meeting, the affirmative vote of a simple majority of shares held by members entitled to vote on a matter shall be the act of all members unless the Corporations Code, the Articles of Incorporation, or these Bylaws require the affirmative vote of a greater number of members. In the event of a tie vote of shares, the matter shall not be an act of the members; that is, it shall have failed to pass.

Members' votes may be by voice, show of hands, or by paper ballot at the discretion of the presiding officer unless specified otherwise in these bylaws. A member holding more than one share may vote some or all the member's shares in favor of a proposed measure. Voting for election of Directors shall take place as set forth in Article IV, Section 3.

Members entitled to vote at any meeting of members shall be determined as follows:

- (a) According to Paragraph (b) of Section 11 of this Article, relating to record dates on which it is determined which members are entitled to vote.
- (b) According to Article III, Section 9 of these bylaws, relating to entities that are not natural persons.
- (c) According to Article III, Section 9 of these bylaws, relating to shares held in the names of two or more persons, a single person must be designated to vote that share.

Section 10. VOTING WITHOUT A MEETING, BY BALLOT

When it is not possible to convene a quorum at a duly noticed meeting of the members, any corporate action that would usually be taken at the meeting may be taken without the meeting in the form of a written ballot distributed by United States mail to every member in good standing. If approved by the Board of Directors, the written ballots and any supporting material may be transmitted and returned by e-mail or other electronic transmission. Electronic signatures are permitted on returned ballots.

The ballot shall state the proposed action or actions, provide an opportunity to indicate approval or disapproval of the action(s), and specify a reasonable time within which to return the ballot to the Corporation.

Approval by written ballot shall be valid only when the total number of votes cast by ballot within the specified time limit equals or exceeds the quorum that would have been required to be present at the meeting authorizing the action, had a quorum been present, and the number of approvals equals or exceeds the number of affirmative votes that would have been required to approve the proposal at the meeting.

Ballots for the election of Directors shall be separate from ballots for other corporate actions. Ballots for Directors shall name each candidate for Director and advise members that they may vote to fill only vacant Directorates. Space shall be provided for at least one write-in name. The procedure for determining the election shall be as set forth in Article IV Section 3 of these bylaws. It shall be noted on ballots for Directors that the Corporation will keep the members' votes confidential and secure unless ordered to divulge them by a court of competent jurisdiction.

If the meeting was originally noticed exactly as required in Section 6 of this Article, then the minimum number of ballots that must be returned shall be not less than 20% of the shares in the Corporation. If the meeting was not originally noticed exactly as required in Section 6 of this Article, then the minimum number of ballots that must be returned shall be not less than one-third of the shares in the Corporation. A returned ballot cannot be revoked or altered by the member. (CORP §7513)

The Secretary shall append to the minutes of the meeting of members to which the written ballot pertains:

- a) A copy of the written ballot itself
- b) The ballot instructions and all supporting materials transmitted with the ballot
- c) The minimum number of ballots that were required to constitute a valid action of the membership, the minimum number of affirmative votes required to pass each proposed action, the number of affirmative votes cast for each action, which actions passed and became acts of the membership, and which actions were defeated
- d) The minimum number of ballots that were required to constitute a valid election of Directors, the number of votes cast for each candidate, and the names of the Directors elected
- e) The Secretary's affidavit of the validity of the balloting and/or election of Directors, as applicable. The Secretary's signature is sufficient validation of the affidavit. Affirmation by a third party is not required

All ballots for election of Directors shall be separated from other records of the Corporation and filed securely. Their confidentiality shall be protected unless ordered to be produced for inspection by a court of competent jurisdiction. At the end of the four-year term on the Board of the Director or Directors so elected, those ballots shall be destroyed.

The Secretary shall distribute the results of the ballot and the unapproved Minutes of the meeting to the members, together with the next water service billing following the recording of ballot results.

Section 11. RECORD DATES.

- (a) The Board of Directors shall establish a record date on which it is determined which members are *entitled to notice* of any meeting of members. It shall be not more than ninety (90) days nor less than ten (10) days before the date of the meeting. If the Board does not fix this record date, it shall be the business day before the day notice is given as set forth in Section 6 of this Article or, if notice is waived as set forth in Section 12 of this Article, on the business day preceding the day on which the meeting is held. Only members found in good standing in the records of the Corporation on this record date shall be entitled to receive notice. This record date shall be entered in the minutes of the meeting. (CORP §7611(a))

Transfer of a member's only share after this record date but before the meeting shall extinguish the member's entitlement to attend the meeting of members.

- (b) The Board of Directors shall establish a record date on which it is determined which members are *entitled to vote* at any meeting of members or to receive and cast written ballots after a meeting that did not attract a quorum. It shall be not more than sixty (30) days before the date of the meeting. Only members found in good standing in the records of the Corporation on this record date shall be so entitled. If the Board does not fix this record date, members entitled to vote as set forth in Section 10 of this Article VII may vote at such meeting. This record date shall be kept with the minutes of the meeting. (CORP §7611(b), (c))

Transfer of a share that extinguishes entitlement to attend the meeting of members also extinguishes the right to receive and cast written ballots after the meeting.

Transfer of a share after the record shall void a written ballot.

Record dates (a) and (b) may coincide.

Section 12. WAIVER OF NOTICE OR CONSENT BY ABSENT MEMBERS.

The transactions of any meeting of members, even if noticed in a manner other than as set forth in Section 3, 4, 5, and 7 of this Article, and wherever it may be held, shall be as valid as if it

was so noticed if a quorum is present in person and if each member not present in person and entitled to vote, signs:

- a) Before the meeting, a written waiver or notice of consent to the holding of the meeting, or
- b) After the meeting, an approval of the minutes of the meeting.

A member's attendance at the meeting constitutes a waiver of notice of the meeting, unless the member objects, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully noticed or convened.

A member's attendance at a meeting is not a waiver of the right to object to the consideration of matters not included in the meeting notice if the objection is made at the meeting.

Approval of the following measures is valid only if unanimous among those members entitled to vote, including those signing written waivers or notices of consent. For these actions, the written waivers or notices of consent must state the general nature of the measures acted upon:

- (a) Removing a Director without cause;
- (b) Filling vacancies on the Board of Directors;
- (c) Amending the Articles of Incorporation or these bylaws;
- (d) Electing to wind up and dissolve the Corporation;
- (e) Approving a contract or transaction between the Corporation and one or more Directors, or between the Corporation and any entity in which a Director has a material financial interest
- (f) Approving a plan of distribution of assets, other than money, not in accordance with the members' liquidation rights, as specified in the Articles of Incorporation or these bylaws, when the Corporation is in the process of winding up.

Except as required for the foregoing measures (a) through (f) of this Section, the waiver or notice of consent need not specify either the business to be transacted or the purpose of the meeting of members. All such waivers, consents or approvals shall be filed with the Corporation's records or made a part of the minutes of the meeting. ([CORP §7511\(e\)](#))

Section 13. INSPECTORS OF ELECTION.

Before any meeting of members, the Board may appoint any members other than nominees to the Board to act as inspectors of election at the meeting. If no inspectors are so appointed, the presiding officer at the meeting of members may then appoint inspectors of election. If a member requests it, the presiding officer must appoint inspectors of election at the meeting. The number of inspectors shall be either one (1) or three (3), as determined by a majority of

members present at the meeting. If any person appointed declines to act, the presiding officer at the meeting shall appoint another member to fill that vacancy.

These inspectors shall:

- a) Determine the existence of a quorum, the number of members in good standing and the voting power of each member at the meeting;
- b) Receive the votes or ballots;
- c) Hear and resolve all challenges and questions arising in connection with the right to vote at the meeting;
- d) Count and tabulate all votes;
- e) Determine when the voting ends;
- f) Determine the result;
- g) Do any other acts that may be proper to conduct the election or vote with fairness to all members; and
- h) Act as impartially, in good faith, to the best of their ability and as expeditiously as practical.

If there are three inspectors of election, the decision of the majority is the same as the decision of all.

ARTICLE VIII MEETINGS OF THE BOARD OF DIRECTORS

(CORP §7211 and §14305)

Section 1. PLACE OF MEETINGS.

Regular and special meetings of the Board of Directors may be held at any place in the Corporation's service area arranged by the Secretary and designated in the notice of the meeting.

Section 2. TELECONFERENCING.

Any regular or special meeting of the Board of Directors may be held by audio or video teleconference. Use of teleconferencing shall be noted in the meeting notice (Section 7 of this Article). Teleconferencing arrangements shall permit all the eligible persons and Directors to hear and interact with one another. All Directors participating by teleconference are considered to be present as if in person at the meeting.

The Board may not conduct a meeting by a series of electronic transmissions, except in the event of an emergency meeting, as described in Section 6 of this Article. All Directors must consent to meeting this way in writing, which may be in electronic form, whether they attended the emergency meeting or not. The consent must be printable and recorded in the minutes of the meeting.

Section 3. OPEN MEETINGS, WHO MAY ATTEND.

All meetings of the Board of Directors except executive sessions, described in Section 9 of this Article, are open to attendance without notice by members and other eligible persons, who may speak when permitted by the agenda or invited by the President. Other persons may be permitted to attend and to speak at the sole discretion of the President. The President may establish time limits for all speakers. Meetings of the Board are not open to the general public.

Section 4. REGULAR MEETINGS.

The first regular meeting of the Board of Directors shall be held within twenty-one (21) days following January 1 of the calendar year. Regular meetings thereafter shall be held quarterly through the year at intervals not longer than one hundred (100) days. Notices of regular meetings shall be provided as described in Section 7 of this Article.

Section 5. SPECIAL MEETINGS.

Special meetings of the Board of Directors may be called at any time, for any purpose or purposes, by the President, the Vice President or any two Directors. Notices of special meetings shall be provided as described in Section 7 of this Article.

Section 6. EMERGENCY MEETINGS.

An emergency meeting of the Board of Directors may be called by the President, the Vice-President, or by any two Directors if there are circumstances that could not have been reasonably foreseen that require immediate attention and possible action by the Board, and that make it impractical to provide the notice required by Section 7 of this Article. If the Secretary is not available, minutes must be recorded by one of the Directors for the Corporation's permanent record.

Section 7. NOTICE OF MEETINGS OF THE BOARD OF DIRECTORS.

Notice of the time and place of all Board meetings, except emergency meetings held according to Section 6 of this Article, shall be posted as specified in this Section and delivered to eligible persons requesting it at least four (4) business days before the meeting. The notice shall specify the time, place and agenda of the meeting and inform eligible persons that they will be accommodated if teleconferencing is to be used.

Notices of Board meetings shall be posted at the Markleeville Post Office and at least one other location in the Corporation's service area and provided by e-mail to any eligible person who requests it. Paper copies shall be provided by United States mail to any eligible persons who request them in writing. The Corporation may recover the costs of copying and mailing.

Notices of Board meetings shall be delivered to each Director personally by e-mail, by telephone or by first-class mail. Mailed notices shall be deposited in the United States mail at least four (4) days before the time of the meeting. In case notices are delivered personally by e-mail or by telephone, they shall be delivered at least forty-eight (48) hours before the time of the meeting. Any oral notice shall be given directly to the Director and not to an intermediary person.

Section 8. QUORUM.

Three (3) Directors shall constitute a quorum for the transaction of Corporation business, except to adjourn as provided in Section 11 of this Article. Every act or decision made by a quorum or more is an act of the full Board of Directors. A meeting may continue to transact business regardless of the departure of Directors. The minutes of the meeting shall record the departure of a Director. Proposed actions are approved by a simple majority of affirmative votes of Directors present. Proposed actions in which there is a tie vote are not approved.

Section 9. EXECUTIVE SESSIONS.

Executive sessions must always be part of a regular or special meeting of the Board of Directors and must appear on the agenda. An executive session may not be attended or overheard by persons other than Directors unless excepted below. Only the following subjects and no others may be discussed and acted upon in executive session:

- a) Litigation
- b) Contracts to be formed with third parties
- c) Member discipline—the member that is the subject of any monetary penalty or other discipline has the right to attend the executive session
- d) Personnel matters
- e) A member's assessment where the member requests to meet the Board in executive session

Matters discussed in executive session shall be generally noted in the minutes of the Board meeting at which the executive session took place. An audio recording and a digital backup of the audio recording of the executive session shall be archived in the permanent files of the Corporation.

Section 10. LIMITATIONS ON BOARD DISCUSSION AND ACTION.

With certain exceptions, the Board of Directors may not discuss or act on items in non-emergency Board meetings that are not on the agenda posted with the notice for that meeting. The exceptions are that the Board, a Director or staff member may:

- a) Respond to statements or questions from the floor
- b) Ask questions for clarification, make announcements, and present reports on a Director's or staff member's activities
- c) Provide references, facts, or resources to officers or staff
- d) Ask officers or staff to report back on an item of business at a future meeting, or ask that an item of business be placed on the agenda of a future meeting
- e) Direct officers or staff to perform administrative tasks needed to carry out the Corporation's business
- f) Act on an item of business not on the agenda if one of the following conditions exists:
 - 1) A majority of Directors present determine there is an emergency that could not have been reasonably foreseen which requires immediate action by the Board, and which makes it impractical to provide the notice required by Section 7
 - 2) A determination by vote of 2/3 of the Directors present that an item of business that came to the Board's attention after the notice of the meeting was posted requires action at the meeting
 - 3) Action on the item was continued at a prior meeting that was properly noticed and posted, and that was held not more than 30 days ago.
 - 4) The presiding officer shall clearly and openly identify the item of business acted upon and the reason for the exception to all persons present at the meeting.

Directors may not take action on any item of business outside a meeting except that electronic transmissions may be used to conduct an emergency meeting with written consent of all Directors as specified in Sections 2 and 6 of this Article.

Section 11. ADJOURNMENT.

A majority of the Directors present, whether or not constituting a quorum, may adjourn any Board meeting to another time and place.

Section 12. ALLEGED VIOLATION OF OPEN MEETING REQUIREMENTS.

If an eligible person believes the Board of Directors has violated the open meeting requirements specified in this Article, that person must demand that the Board remedy the alleged violation before filing a legal action concerning it. To be operative, the demand must be in writing, must be submitted to the Board of Directors within ninety (90) days after the alleged violation and must state the nature of the alleged violation and any Board action challenged because it was compromised by the alleged violation. Within thirty (30) days after receiving the demand, the Board shall:

- (a) Reverse or modify the challenged action or otherwise remedy the alleged violation and so inform the eligible person in writing, or

- (b) Inform the eligible person in writing that the Board has decided not to change the challenged action because it found there was not a violation.

Within fifteen (15) days of receiving the written notice of the Board's decision to change or not to change the challenged action; or within fifteen (15) days after the expiration of the 30-day period to remedy, whichever is earlier, the eligible person may take legal action. If the eligible person does not take action within either period, that person may never take legal action related to the same challenged action of the Board.

ARTICLE IX WATER DISTRIBUTION

Section 1. ENTITLEMENT TO WATER SERVICE.

This Corporation *distributes* water only to service connections at parcels to which shares in the Corporation are appurtenant. It is obligated to *deliver* water only while their owner-members remain in good standing or have entered into an agreement with the Corporation to restore good standing. ([CORP §14300](#))

In fire emergencies, official fire agencies may draw water from the Corporation's fire hydrants at no charge. Under no other circumstances may the Corporation supply water to any person or entity without charge. The Board of Directors may, at its sole discretion, sell water to public agencies at prices comparable to the amortized cost of delivery to its members. ([CORP §14300](#))

Water provided by the Corporation may not be used for pasture irrigation, crops for sale, or any illegal purpose. Members who violate this provision will be sanctioned as determined by the Board of Directors.

This Corporation will not deliver water under any conditions that would subject it to regulation under the California Public Utilities Code.

Section 2. WATER INTAKE, TREATMENT AND DISTRIBUTION SYSTEM.

- (a) The Corporation installs, maintains and operates a complete water supply system, with intake facilities, treatment facilities, treated-water storage tanks, treated-water pump stations, distribution mains, lateral pipelines, and service connections of all kinds designed to serve all members' parcels in the Corporation's service area described in Section 1 of Article II.

The entire water supply system up to members' property lines or to right-of-way lines, is the property of the Corporation, and shall only be operated, serviced, or modified by

Staff, company agents, contractors hired by the Corporation, or others authorized by the Board of Directors.

The curb stop (valve) or meter-and-stop combination, together with the associated lateral pipes that convey water from a Corporation-owned main to a member's parcel for domestic use, comprise a domestic water service connection as defined in Article I.

The meter-and-stop combination, together with the associated lateral pipes that convey water from a Corporation-owned main to a member's parcel for fire suppression, comprise a fire protection water service connection as defined in Article I.

- (b) The Corporation will not install or change a service connection so that it will interfere with the delivery of water to that service connection or to any other pre-existing service connection. A member may not change the member's service lines or service unit so that they will interfere with the delivery of water to any other member's service connection.
- (c) The location of any new point of connection to the Corporation's main water lines shall be at the sole discretion of the Board of Directors, but the water system must be of sufficient capacity to deliver water at that location and the new service connection at that location may not interfere with the delivery of water through all pre-existing service connections.
- (d) Each member shall install, at the member's expense, a service line or lines from the Corporation's service connection to the member's service unit. Such service line shall be owned and maintained by the member. The Corporation shall bear no responsibility whatever for installation or maintenance of service lines or service units beyond Corporation-owned service connections.
- (e) Every member-owned service line, either domestic or for fire protection, shall begin with a member-owned shutoff valve that is in addition to the Corporation's service connection. The member-owned shutoff valve may not be of the stop-and-waste configuration because of its potential to form a prohibited cross-connection.
- (f) All service connections, either domestic or for fire protection, are owned and maintained by the Corporation. **Company agents have sole and exclusive right to use, service, and operate service connections. All other persons, including plumbers or contractors hired by members, and members themselves, are prohibited from operating or tampering with the Corporation-owned service connections. Exceptions may only be granted by the Board of Directors on an individual basis. Members bear full financial responsibility for all direct and consequential damages that may result from violations of this provision.**

Section 2.1. LEGACY CONNECTIONS.

A few long-standing connections in the Markleeville town site are served by manifolds installed in the 1960's that do not conform to Section 2. The manifolds and the parcels they serve are described in Exhibit 2. Those manifolds will be retired and those parcels will be served with domestic water service connections that do conform to Section 2 at an indefinite future time. Owners of the parcels served by these connections hold shares as if those conforming service connections already exist.

Section 3. ESTABLISHING A NEW DOMESTIC WATER SERVICE CONNECTION.

An existing member applying for a domestic water service connection where none already exists shall pay the applicable connection fee when applying for the connection, as set forth in Sections 3 and 4 of Article X. Upon approval by the Board of Directors, the Corporation shall provide and install, at the member's expense, one (1) domestic water service connection as required to reach the property line of the parcel or the right-of-way line adjacent to the parcel. Installation shall be by the Corporation or a contractor hired by the Corporation. All work will be inspected and approved by the Corporation before being placed in service. After inspection, the domestic water service Connection will become the property of the Corporation. The domestic water service connection shall comply with California Waterworks Standards. ([CORP §14301.3](#))

One share shall normally entitle a member to one (1) domestic water service connection to the parcel of land to which that share is appurtenant. In extraordinary circumstances, the Board may permit the installation of one or more additional domestic water service connections to the same parcel, subject to the conditions of Paragraphs (b) and (c) of Section 2 of this Article. Doing so does not create additional shares. Doing so in one set of circumstances in no way creates precedent for doing so in another.

Sizes of domestic water service connections will generally be established by the Board in accordance with the Universal Plumbing Code, whether for residential, commercial, governmental, or institutional service. The Board has full and final authority to establish the sizes of all new domestic water service connections.

Section 4. ESTABLISHING AND MAINTAINING A FIRE PROTECTION WATER SERVICE CONNECTION.

A member applying for a fire protection water service connection shall pay the connection fee when applying for the connection, as set forth in Sections 3 and 4 of Article X. Upon approval by the Board of Directors, the Corporation shall provide and install, at the member's expense, the fire protection water service connection as required to reach the property line of the parcel, or the right-of-way line adjacent to the parcel. Installation will be by the Corporation, or a contractor hired by the Corporation. All work will be inspected and approved by the Corporation before being placed in service. The fire protection water service connection will comply with California Waterworks Standards. After inspection, the fire protection water service connection will become the property of the Corporation. A fire protection water service connection shall only be available to a parcel that already has a domestic water service

connection, or where both types of water service connection are newly established at the same time. (CORP §14301.3)

In the case of the new construction, addition to, or remodeling of a commercial, government, or institutional structure, the engineer that will design the sprinklered fire protection system shall be a professional engineer qualified and licensed in the State of California to design sprinklered fire protection systems. The engineer shall meet with the Board before designing the system. Before installation, the member shall submit full engineering drawings of the fire suppression system that will draw water from the requested fire protection water service connection. The engineering drawings shall bear the stamp of the engineer who prepared them. Installation shall not begin until the Board approves the drawings of the fire suppression system. This approval is required in addition to that of the Alpine County Building Department.

All sprinklered fire protection systems that draw water from this Corporation's water distribution system and that contain glycol shall have two backflow preventers in series.

This Corporation will require annual inspection and testing of all sprinklered fire protection systems including double check valve backflow prevention assemblies and reduced pressure principle backflow prevention assemblies as required by the adopted Cross Connection Control Plan. Failure to submit reports will result in shutoff of that fire protection service connection until testing, witnessed by a company agent, is performed and reports are received by the Corporation. Failure of any safety system that presents the potential for a prohibited cross connection shall cause the company agent to shut off and lock that fire protection service connection until the failure is remedied, the remedy is proven by testing and a test report is received by the Corporation. The company agent will notify the owner of the protected structure and the Alpine County Fire Department of the shutoff the same day, if possible. The member shall hold the Corporation harmless for any damages that may ensue from such a shutoff. All test reports will be placed in the Corporations permanent file by the Secretary.

A residential sprinklered fire protection system may be installed as a branch from a member's domestic service line provided:

- a) The member provides documentation to the Corporation, signed and stamped by a qualified professional engineer registered in the State of California, certifying that the domestic service connection provided by the Corporation according to Section 3 of this Article is of a size, pressure, and flow capacity to adequately serve the proposed residential fire protection sprinkler system.
- b) The fire protection branch is provided with its own backflow preventer and a lockable shutoff valve that can isolate it from the member's domestic water service. The valve shall be located on the outside of the structure.

Section 5. ESTABLISHING WATER SERVICE CONNECTIONS TO A NEW ACCESSORY DWELLING UNIT (ADU). (CORP §14301.3)

A member applying for a domestic water service connection or extension to a new ADU of any type shall pay the applicable connection fee when applying for the connection, as set forth in Sections 3 and 4 of Article X. The member shall also submit a copy of the permit for the ADU granted by the Alpine County Building Department with the application.

As a condition of approval of the water service connection or extension to the ADU, landscape irrigation, if any, at the parcel on which the ADU is created shall be required to permanently cease. The Board of Directors will impose monetary penalties for noncompliance with this requirement.

Creation of an ADU or Junior ADU without informing the Board of Directors will result in sanctions to be determined by the Board, in proportion to the severity and duration of the presumed evasion of this Section of the bylaws. Such sanction may be as severe as permanent loss of water service to the parcel.

Section 5.1 Extension of existing water service connection, new construction detached from pre-existing dwelling.

Upon approval by the Board, the member shall install, at the member's expense, a vault for a Corporation-owned shutoff valve that will allow the water supply to the ADU to be isolated from that of the pre-existing dwelling. The service extension will be inspected and approved by the Corporation before the Corporation installs the shutoff valve in the vault and the extension is placed in service. The extension to the ADU will be the property of the member, who shall be entirely responsible for its maintenance except that the shutoff valve will remain the property of the Corporation. **Although the shutoff valve will be located on the member-owned parcel, the member agrees, as a condition of approval, that the Corporation shall always be allowed access to operate the shutoff valve. If such access is ever withdrawn, the Corporation may shut off water service to the entire parcel.** This agreement shall be binding on heirs and all other successor owners of the parcel.

Section 5.2. New water service connection from main to ADU, new construction detached from pre-existing dwelling.

This requires an exception as required under Section 3 of this Article. Upon approval by the Board, the Corporation will provide and install, at the member's expense, one (1) domestic water service connection as required to reach the property line of the parcel or the right-of-way line adjacent to the parcel. Installation shall be by the Corporation or a contractor hired by the Corporation. The domestic water service connection will become the property of the Corporation. The member shall install, at the member's expense, a service line, including the required member-owned shutoff valve, from the Corporation's service connection to the ADU. All work will be inspected and approved by the Corporation before being placed in service.

Section 5.2. Use of an existing water service connection to support a Junior ADU within an existing dwelling.

The member shall submit plans for the Junior ADU to the Corporation when applying for the extension. Construction may proceed upon approval by the Board. Upon completion of the Junior ADU improvements within the dwelling, the work will be inspected and approved by the Corporation before being placed in service.

Section 6. CROSS CONNECTIONS.

No member may create any connection between the Corporation's water distribution system and any foreign water supply, or any other possible route for contamination of the Corporation's community water supply. Such a connection or route is known as a cross connection and is prohibited by law and by these bylaws. A company agent **shall** immediately shut off water and lock the service connection where any violation of this prohibition is discovered and notify the member as soon as practicable. There are no exceptions for any reason. The Board of Directors may further require decontamination of the member's service line and service unit, at the member's expense, before water service from the Corporation will be restored. Fees set forth in the Corporation's *Schedule of Rates, Fees and Penalties* will be charged for shutoff and restoration of water service. The member shall hold the Corporation harmless for any damage that may ensue from such a shutoff. The member shall also be financially responsible for the cost to remedy all consequential damage to the community water system due to the cross connection. The Corporation adopts and maintains a Cross Connection Control Plan as required to comply with the State Water Resources Control Board Cross-Connection Control Policy Handbook.

Section 7. WATER CONSERVATION.

By formal Resolution, the Board of Directors shall have full and final authority to impose any water use restrictions that may be necessary to conserve the Corporation's treated water in storage and/or comply with any regulatory restrictions that may be imposed by the State Water Resources Control Board or other applicable authority. The Board shall provide the members with prior notice of such water conservation requirements, distributed by United States mail and/or email and prominently posted on bulletin boards in the service area. Conservation requirements may take the form of restrictions on the timing of outdoor landscape irrigation, the rationing of access to water by time or geographic zones, or by other means as circumstances may require. The Board shall have the power to enforce water use restrictions through the imposition of monetary penalties for violations, surcharges for excessive water use, curtailment of water service, or other sanction according to the severity of violations.

Section 8. SHUTOFF OF WATER SERVICE FOR NONPAYMENT.

If any member allows charges for water service defined in Section 1 of Article X to become delinquent or fails to pay assessments defined in Section 2 of Article X, the Board of Directors shall shut off and lock the service connections to those parcels and only those parcels to which the delinquencies or unpaid assessments apply. Water service will be restored only when delinquent charges, assessments, penalties and interest are fully paid up to the date of

restoration. The charges for shutting off and turning on the curb stop set forth in the Corporation's *Schedule of Rates, Fees and Penalties* will apply.

The Corporation will not be bound to supply water to that parcel, to the member's heirs or successors, to any lessee on the parcel, to any purchaser of the parcel, or to any other possessor of the parcel through foreclosure or other proceeding, until all water charges, assessments in default, penalties, interest, and the charges for liens, shutoff and restoration of service have been fully paid.

If water has been shut off for seven (7) days or longer, the parcel and service unit **shall** be inspected for prohibited cross connections by a company agent before water service may be restored.

Section 9. EXPORTING WATER PROHIBITED.

Water may not be exported by any means or method from parcels to which it is delivered by the Corporation. Exporting water from such a parcel exposes the member to sanctions determined by the Board of Directors. Such sanction may be as severe as permanent loss of water service to the parcel from which water was exported.

The Board of Directors may permit an exception to this provision for construction on an adjacent parcel or other reasonable purpose. The owner-member of the parcel from which water is to be supplied must submit the application and pay the charges for all water used. The Board may impose conditions, limit, or withdraw this exception at any time, and the Board's decision may not be appealed by anyone other than the member.

ARTICLE X RATES, ASSESSMENTS, FEES

Section 1. WATER SERVICE RATES.

The Board of Directors shall have full and final authority to establish the rates to be charged for services provided to the members according to the provisions of this Section.

- (a) The Board of Directors shall establish water service rates and standby rates that defray the Corporation's costs of collecting, treating and delivering water to the members, maintenance of the Corporation's facilities, and regular, periodic funding of the reserve account for the improvement and replacement of the Corporation's infrastructure.
(CORP 14301.3)
- (b) The Corporation's service area may be divided into subareas, based on whether subareas are metered or unmetered and/or based on differences in the costs of providing service.

- (c) The Board of Directors shall have full authority to increase or decrease from time to time, as required, the rate per service connection, either domestic or fire protection, per service unit, and/or per fixture unit in any subarea.
- (d) The Board of Directors may establish different rates for residential, commercial, governmental, institutional, or other unique class of water service.
- (e) Any member owning a single parcel with more than one domestic service connection, as permitted by the Board in Section 3 of Article IX, shall pay in full the established water service rate in effect, either in-service unmetered, metered, or standby for each of those connections.
- (f) A member owning more than one parcel in the Corporation's service area, and holding the appurtenant shares, shall pay in full the rate for water service in effect, either in-service unmetered, metered, or standby for every parcel.
- (g) Until water meters are installed at all domestic water service connections in the Corporation's service area, rates for water service will be charged according to Paragraphs (j), (k) and (l) of this Section of these bylaws.
- (h) After water meters are installed at all domestic water service connections in the Corporation's service area, metered rates for water service determined by the Board of Directors will be charged throughout the Corporation's service area and will supersede and replace rates set forth in Paragraphs (j) through (l) of this Section of these bylaws.
- (j) A single-family dwelling on a parcel operating under one share shall be charged at the unmetered residential rate determined by the Board of Directors and set forth in the Corporation's *Schedule of Rates, Fees and Penalties*.
- (k) The minimum monthly rate at any unmetered non-residential service unit shall never be less than the unmetered residential rate.
- (l) When more than one service unit on a single parcel operates under one share, whether served by one or by multiple domestic water service connections, the following shall apply:
 - (1) Residential service units shall be billed as follows:
 - (i) Each single family detached living unit shall be charged at the unmetered residential rate
 - (ii) Each living unit within a multi-family structure under one roof shall be charged at the unmetered residential rate.

- (iii) Each detached accessory dwelling unit (ADU) shall be regarded as a single-family detached living unit and charged at the unmetered residential rate.
- (iv) Each attached accessory dwelling unit (ADU) shall be regarded as if it were a single family detached living unit charged at the unmetered residential rate.
- (v) Each junior accessory dwelling Unit (JADU) shall be regarded as if it were a single family detached living unit charged at the unmetered residential rate.
- (2) Each detached building housing one or more businesses or institutional uses, with or without kitchens but with one or more bathrooms, shall be charged the greater of either the Other Unmetered Water Delivery Rate to Members multiplied by the number of fixture units identified in Exhibit 3 of these bylaws: Schedule of Fixture Units, or the unmetered residential rate.

If, in preparing its annual budget review, the Board determines that income from water service and standby charges have produced more funds than needed to cover the Corporation's expenses and budgeted reserves, then the Board shall assign the surplus to the Corporation's reserve account. The Board shall also determine if a rate reduction is indicated.

Section 2. ASSESSMENTS.

The Board of Directors may levy assessments, defined in Article I of these bylaws, upon shares in the Corporation if income collected from water service and standby charges is not sufficient to pay operating, maintenance and regulatory costs, and to meet principal and interest obligations upon its debts. Determination of income may not include fees, penalties, interest, grants or other irregular sources of income. If an assessment is determined by the Board to be necessary, the total amount of the assessment shall be apportioned equally among all shares not currently held by the Corporation itself. ([CORP §14303](#))

Shares appurtenant to vacant and undeveloped parcels that do not receive water service from the Corporation at the time an assessment is levied are not exempt from assessment. Apportionments shall not be less for vacant and undeveloped parcels than for those parcels receiving water service at the time the assessment is levied.

When an assessment is levied, each member shall be given written notice of the total assessment, the reason for its necessity, the basis of apportionment, the amount of the individual member's assessment, optional payment plans, if any, the date by which payment is due, and the consequences of failure to pay by the due date. For the consequences of failure to pay an Assessment, see Article III, Section 6. ([CORP §14303](#))

The Board shall fix a record date by which any unpaid assessment becomes delinquent that is not less than 30 nor more than 60 days after the date by which payment is due. If the Board

takes action to revoke delinquent shares, the Board shall fix a revocation date that is not less than 15 nor more than 60 days after the delinquency date. (CORP §423(b)) See Article III, Section 6 for disposition of revoked shares and their associated rights. Revocation of a share does not extinguish the obligation of the parcel owner to pay the assessment plus penalty for late payment and interest that accrues until payment is made. The Treasurer shall file a lien upon the appurtenant parcel when the assessment becomes delinquent.

On the delinquency date, the Treasurer shall notify each member who holds a share on which an assessment is delinquent of the delinquency, the consequences of failure to pay the assessment, and of the right to be heard by the Board, in person or in writing, before the share is revoked. Notice shall be given in person or by United States Mail, Certified and regular First Class, to the address on the Corporation's records. The opportunity to be heard shall be provided by the Board not less than five days before the revocation. (CORP §7341)

Section 3. FEES.

Fees shall be paid upon application for new connections to the Corporation's water distribution system, and for services performed by the Corporation's staff and company agents. Their amounts shall be set from time to time by resolution of the Board of Directors. Other fees may be created and set from time to time by resolution of the Board to defray costs incurred in accommodating members' needs, or that arise in meeting regulatory requirements.

Section 4. SCHEDULE OF SERVICE RATES, FEES, AND PENALTIES.

All rates for services, fees, and penalties are set forth in, the Corporation's *Schedule of Rates, Fees, and Penalties*.

This *Schedule of Rates, Fees, and Penalties* shall be reviewed and updated by the Board at each meeting of the Board in which the Corporation's yearly budget is adopted. It may also be revised at any other regular or special meeting of the Board in which the need is recognized. The *Schedule* shall be distributed to all members as an enclosure with the billing immediately following any update or revision and a current version shall always be posted on the Corporation's website. It shall always bear the date on which it becomes effective, and this date shall not be earlier than its date of mailing to the members.

Section 5. LONG-TERM VOLUNTARY STANDBY.

A member who desires a long-term voluntary standby due to long-term absence, or for another reason, may apply in writing to the Board of Directors for water service to a parcel to be shut off and to be placed on standby billing status. During the standby interval, the member will be billed at the standby rate the Corporation applies to undeveloped parcels set forth in this Article. The parcel will qualify for standby billing status only if a company agent shuts off and locks the water supply to the member's parcel at the curb stop, not if the member shuts off the water at the member-owned shutoff valve. The member will be charged the fees for shutoff

and restoration of water service set forth in the Corporation's *Schedule of Rates, Fees, and Penalties*.

ARTICLE XI BILLING, PENALTIES, LIENS

Section 1. BILLING.

The Treasurer shall send bills for water service, standby charges, assessments, other services, accrued penalties, and interest to members by first-class mail, as stated in Section 8 of Article III, at time intervals determined by the Board of Directors. Members shall pay bills by the due dates shown on each bill. All bills become delinquent if payment is not received 30 calendar days after those due dates.

Section 2. METHODS OF PAYMENT.

- (a) Payment of all bills for water service, standby charges, assessments, other services, accrued penalties, and interest shall be by check, money order, or cashier's check mailed to the Corporation's mailing address shown on the bills. Payment in any other form is acceptable only by prior arrangement with the Treasurer.
- (b) Payment of money due after a Ten-day Shutoff Notice is posted shall be by cashier's check sent in the United States mail to the Corporation's mailing address shown on the notice. **No other form of payment, or method of delivering payment, is acceptable.**

Section 3. DELINQUENT SERVICE CHARGES.

When a member's bill becomes delinquent, the following will take place:

- (a) The Treasurer will add a 10.0% late charge (penalty) to the amount of the bill on the day it becomes delinquent.
- (b) The Treasurer will record a Notice of Lien against the parcel in the records of Alpine County, at the member's expense.
- (c) The Treasurer will mail a Ten-day Shutoff Notice informing the member that a company agent will turn off water service to the parcel at the service connection ten days after the postmarked mailing date. On the same day, a company agent will prominently post the same notice on the member's property.

- (d) The Treasurer or company agent will notify the Alpine County Department of Environmental Health that a Ten-day Shutoff Notice has been served on the delinquent member's property.
- (e) If payment has not been received by the Treasurer twenty-four (24) hours before the term of the Ten-day Shutoff Notice expires, a company agent will post a Twenty-four-Hour Shutoff Notice on the delinquent member's property, and the Treasurer or company agent will notify the Alpine County Department of Environmental Health that the Twenty-four-Hour Shutoff Notice has been posted.
- (f) If payment has not been received by the Treasurer twenty-four (24) hours after posting of the Twenty-four-Hour Shutoff Notice, the company agent **will** shut off and lock the Corporation's curb stop serving the delinquent member's parcel.
- (g) The Treasurer will add 1.5% interest to the total amount of the bill at the end of each 30 days the bill remains delinquent. If the bill is paid before the end of a 30-day period, then 1.5% shall be pro-rated to the day of the month in which payment is received. "Total amount" at the end of a 30-day period includes the original amount of the bill, plus the 10.0% late charge, plus all interest accrued up to the end of that 30-day period, plus costs to file and remove the lien.

Section 4. RESTORATION OF WATER SERVICE.

If water service has been shut off for non-payment of water service charges, all service charges, the late charge, and interest must be paid before service will be restored. To this will be added the shutoff fee, the costs of recording and removing the lien, and the restoration fee specified in the current *Schedule of Service Rates, Fees, and Penalties*. Payment shall be by cashier's check mailed to the Corporation's mailing address shown on the bill. **No other form of payment, or method of delivering payment, will be accepted.** When the payment is received, water service will be promptly restored by a company agent.

Section 5. DELINQUENT STANDBY CHARGES.

If a member's payment of a standby charge becomes delinquent, the following will take place:

- (a) The Treasurer will add a 10.0% late charge (penalty) to the amount of the bill.
- (b) The Treasurer will record a Notice of Lien against the parcel in the records of Alpine County, at the member's expense.
- (c) The Treasurer will add 1.5% interest to the amount of the bill at the end of each month the bill remains delinquent. If the bill is paid before the end of a month, then 1.5% shall be pro-rated to the day of the month in which the bill is paid. "Total amount" at the end of a month includes the original amount of the bill, plus the 10.0% late charge, plus all interest accrued up to the end of that month, plus costs to file and remove the lien.

Section 6. DELINQUENT ASSESSMENT PAYMENTS.

If a member's payment of an assessment becomes delinquent, the Board of Directors may, at its option, proceed as in Section 5 of this Article. Or, the Board may proceed as in Section 5 of this Article for a time interval to be determined by the Board, then revoke the share appurtenant to the parcel. Revocation of the share permanently extinguishes right to receive water at the appurtenant parcel or to vote the appurtenant share by the owner and any successor owner. This action does not revoke membership in the Corporation if the owner owns at least one other parcel for which the assessment has been paid. (CORP §14303)

In addition to the foregoing course of action, The Board may initiate a civil action to collect the unpaid assessment, late charges and accrued interest against the delinquent member or former member.

Shares revoked by the Board are forfeit to the Corporation, and may not be sold, traded, or otherwise transferred directly to another member or to any third party. (CORP §14303)

Section 7. LOSS OF GOOD STANDING.

Delinquency of any bill due to this Corporation constitutes loss of good standing in the Corporation and suspension of all rights and privileges conferred by these bylaws to members in good standing.

Good Standing is automatically restored when a member pays the member's last delinquent bill in full, including all penalties and interest due on that bill.

Section 8. AMORTIZATION AGREEMENTS.

A member for whom payment of a delinquent bill, together with late charge and interest would be a hardship, may enter into an Amortization Agreement with the Corporation the member must make timely payments in adherence to the schedule agreed upon between the member and the Board and set forth in the Amortization Agreement, or the entire remaining balance may become immediately due and payable.

The Amortization Agreement will remain in effect only as long as the member also makes timely payments on current bills for water service, standby charges, assessments and other services as they are presented, for all parcels the member owns. If the member becomes delinquent on any such bill, the entire remaining balance of the Amortization Agreement, at the discretion of the Board, may become immediately due and payable.

Entering into an Amortization Agreement shall suspend the accrual of interest on the remaining unpaid balance as long as the terms of the Agreement continue to be met.

Entering into an Amortization Agreement does not restore good standing. Good standing shall be restored only when all payments under the Amortization Agreement are completed, and all other terms of the Amortization Agreement and these bylaws are fulfilled.

Section 9. LIENS.

The Treasurer will file a Notice of Lien against an appurtenant parcel(s) on the records of Alpine County whenever the owner-member's bill becomes delinquent, as set forth in Sections 3 and 5 of this Article. The lien will remain on record until all charges, late charges, interest and the costs of filing and removing the lien are paid in full or until the parcel is sold, at which time the lien and all the associated costs will be satisfied out of the sale proceeds.

Section 10. REMEDIES ARE CUMULATIVE.

All remedies for delinquent payment or non-payment of charges or assessments imposed by the Corporation are cumulative. That is, the Corporation has the right to employ any or all of the following means of collection at the sole and absolute discretion of the Board of Directors, consistent with statutes, regulations and these bylaws: interrupt water service; lien property; initiate legal action; sell the debt to a collection agency; and in the case of assessments, revoke shares and permanently terminate a water service connection.

Income from its members for water service, standby, assessments and other services are the Corporation's sole sources of operating revenue. Therefore, in fairness to all its members, under no circumstances or conditions does it reduce, forgive or negotiate balances, penalties, or interest on delinquent bills. This provision remains applicable to a member's heirs or successors, any purchaser of the member's parcel, or to any possessors of the parcel through foreclosure. Amortization Agreements are available under Section 8 of this Article in case this provision causes hardship.

ARTICLE XII GENERAL CORPORATE PROVISIONS

Section 1. FISCAL YEAR.

The Corporation's fiscal year begins on July 1 and ends on June 30 of the following calendar year.

Section 2. CONFLICT OF INTEREST POLICY.

Before taking office for the first time, and annually after that, each Director shall complete and sign the Corporation's Conflict of Interest Disclosure Form, disclosing all relationships that might present conflicts of interest with respect to this Corporation and affirming that the Director has received a copy of the Corporation's Conflict of Interest Policy, has read and understands the Policy, agrees to comply with the policy, understands that the Corporation is organized for nonprofit mutual benefit purposes, and that it may engage exclusively in activities which accomplish those purposes. ([CORP §7233](#))

Section 3. CHECKS, DRAFTS, EVIDENCES OF INDEBTEDNESS.

All checks, drafts, or other orders for payment of money, notes, or other evidence of indebtedness, issued in the name of the Corporation, shall be signed by person(s) and in a

manner determined by resolution of the Board of Directors. Payments received shall be endorsed by the same person(s).

Section 4. CORPORATE CONTRACTS AND INSTRUMENTS.

Article V Section 10 specifies who may sign contracts on behalf of the Corporation. The same provisions govern who may commit the Corporation to other financial commitments or to any form of indebtedness. Otherwise, unless expressly authorized by the Board, no officer, individual Director, agent, or employee has any power to bind the Corporation by any contract or engagement, to pledge the Corporation's credit or to render it liable for any purpose or in any amount.

The provisions of this Section do not prevent the Board from issuing credit cards in the name of the Corporation to authorized staff, or from extending the power to issue credit cards to the Treasurer and General Manager. The Board may also authorize purchasing authority, within specified dollar limits that the Board may change from time to time, to the Secretary, the Treasurer, the General Manager, and Licensed Operator, or other person authorized by the Board, without countersignature. The issuing of debit cards is prohibited.

Section 5. RECORD DATE FOR PURPOSES OTHER THAN NOTICE AND VOTING.

In advance of any action creating a distribution of payments to members, an allotment of rights to members, or an entitlement of members to exercise certain rights, the Board may fix a record date when the distribution, allotment, or entitlement takes effect. The record date shall not be more than sixty (60) or less than ten (10) days before such an action takes effect. Only members in good standing on that record date may receive the distribution, entitlement, or exercise of rights granted. Unless otherwise provided in California Non-Profit Mutual Benefit Corporation Law, such distributions, allotments, and entitlements transfer with the affected shares to new owners of their appurtenant parcels.

If the Board of Directors does not fix such a record date, the record date when such a distribution, allotment, or entitlement takes effect shall be sixty (60) days after the Board adopts the enabling resolution.

Section 6. INSURANCE.

The Board of Directors shall maintain insurance continuously in effect that protects the physical and financial assets of the Corporation from loss due to fire, accident, earthquake, theft and liability. Subject to availability and cost the Board deems reasonable, earthquake insurance may also be purchased. The amounts of such insurances shall be reviewed at least every two years and reset according to conditions prevailing at the time. Workers Compensation Insurance coverage for Staff and hired labor shall be carried at all times.

Section 7. CONSTRUCTION AND DEFINITIONS.

Unless the context requires otherwise, the general provisions, rules of construction, and definitions in California Non-Profit Mutual Benefit Corporation Law shall govern the interpretation of these bylaws. Without limiting the generality of this provision, the singular

includes the plural, the plural includes the singular. Except where used otherwise in these bylaws, the term "person" includes a corporation, a government agency, and a natural person.

Section 8. VIOLATIONS DO NOT CREATE PRECEDENTS.

A violation of these bylaws, regardless of duration, shall not be a reason, precedent, or excuse for its continuance by a member or staff or employee committing it, or for other members to engage in it. Once notified of a violation by the Board of Directors in writing, continuation of the violation shall subject the person committing it to disciplinary action as set forth in these bylaws or as determined by the Board of Directors.

Section 9. SEVERABILITY.

The invalidity, illegality, or unenforceability of any provision of these bylaws shall not render any other provision invalid, illegal, or unenforceable.

ARTICLE XIII CORPORATE DOCUMENTS

Section 1. MEMBERSHIP RECORD.

The Secretary shall keep an accurate and continuously up-to-date record of the Corporation's members and shares to the extent that members fulfill their responsibility for the record's completeness set forth in Article III, Section 8. While a cloud backup is allowed, the Secretary shall also maintain an identical electronic backup at a remote location other than the cloud.

As stated in Article III Section 1, the Corporation's record of members and shares shall be the only definitive proof of share holding. Paper certificates, while available to members who request them, shall not be binding on the Corporation or the member.

The record of members and shares may be inspected by any member upon written request to the Board ten (10) or more business days before the proposed date of the inspection. The letter shall state a purpose for the request that is reasonably related to the member's share interest. Information the Corporation will make available is limited to a list of members' names, addresses and voting rights at the time of inspection. The list may be copied and the member shall pay the cost of copying. (CORP §8330)

Inspections shall be by appointment and will be in the continuous presence of an officer, Secretary or the General Manager of the Corporation. The Corporation may limit the length of time of inspection, as long as such limitation is reasonable and is communicated to the member making the request at or before the start of the inspection appointment.

Before granting access to the record of members and shares, the Board shall make a determination as to whether any request for inspection is reasonably related to the member's share interest. If the Board determines that it is not, the Board shall deny access to the member. (CORP §8338)

Section 2. BYLAWS.

The Secretary shall at all times keep a paper original of these bylaws as currently amended. While a cloud backup is allowed, the Secretary shall also maintain an identical electronic backup at a remote location other than the cloud.

The Secretary shall transmit an electronic copy of these bylaws, as currently amended, to any verified eligible person at no charge, upon receiving a written request in the United States mail.

The Secretary shall send a paper copy of these bylaws, as currently amended, to any verified eligible person by United States mail upon receiving the eligible person's written request. The eligible person shall pay the cost of copying and mailing.

The right to receive electronic or paper copies of the Corporation's bylaws shall constitute the members' entire right of inspection. ([CORP §8333](#))

Section 3. ARTICLES OF INCORPORATION.

The Secretary shall keep a paper original of the Corporation's current Articles of Incorporation. While a cloud backup is allowed, the Secretary shall also maintain an identical electronic backup at a remote location other than the cloud.

The Secretary shall transmit an electronic copy of the Articles of Incorporation to any verified eligible person at no charge upon request, upon receiving a written request in the United States mail.

The Secretary shall send a paper copy of the Articles of Incorporation to any verified eligible person by United States mail upon receiving the eligible person's written request. The eligible person shall pay the cost of copying and mailing.

The right to receive electronic or paper copies of the Corporation's Articles of Incorporation shall constitute the members' entire right of inspection. ([CORP §8333](#))

Section 4. DRAWINGS.

Technical drawings prepared by or for the Corporation shall be numbered according to the format: MWC2013-0001-00. The year in which the drawing was prepared shall follow MWC. Drawings prepared in that year shall be sequentially numbered, 0001, 0002 and so forth. Subsequent revision to the same drawing shall be reflected in the drawing number suffix changing to -OA, -OB, and so forth. Above its title block, each drawing shall bear a history of its revisions, their dates, and brief descriptions. Electronic copies of all drawings and every revision shall be archived by the Secretary. While cloud backup is allowed, the Secretary shall also maintain an identical electronic backup at a remote location other than the cloud.

Drawings of projects prepared by others that already bear their own drawing numbers may, at the option of an officer or the General Manager, have MWC drawing numbers added.

Section 5. OTHER CORPORATE RECORDS.

The Secretary shall file the Corporation's accounting books and records, including annual budgets and reports, minutes of meetings of the members, minutes of the Board of Directors (including committees of the Board) in both paper and electronic forms, at places approved by the Board. While cloud backup is allowed, the Secretary shall also maintain an identical electronic backup at a remote location other than the cloud.

The accounting books shall be available for inspection by any member, but not to other persons, subject to the same conditions, limits, and requirements set forth in Section 1 of this Article. Meeting minutes shall be available to any eligible person, subject to the same conditions, limits, and requirements set forth in Section 1 of this Article. Persons without a share interest in the Corporation are not to receive copies of these records unless employed by the Corporation to work with them or so ordered by a court. [CORP §8333, §14305](#).

Section 6. ANNUAL REPORT TO MEMBERS.

The President or General Manager shall prepare a narrative annual report that shall be presented at the annual meeting of the members. This report shall also be sent by first class mail to all members not later than 120 days after the close of the fiscal year. This statutory requirement may be met by enclosing the annual report with the first regular billing for water service following the close of the Corporation's fiscal year. This Corporation's annual report may not be distributed by electronic transmission.

The annual report shall contain a balance sheet, an income statement and a statement of cash flows for the current fiscal year (which be not yet completed), a budget for the coming fiscal year, a statement of the place where the current membership and financial records are located, and any statement that may be required by Section 8 of this Article. [\(CORP §8321\)](#) A paper copy of the annual report shall be available to any eligible person. [\(CORP §14306\)](#)

Section 7. ANNUAL FINANCIAL REVIEW.

At the close of each fiscal year, the Treasurer shall engage a certified public accountant or public accountant to conduct an annual review, in accordance with generally accepted accounting principles, of the Corporation's financial records and reports. [\(CORP §14306\)](#)

Section 8. ANNUAL STATEMENT OF CERTAIN TRANSACTIONS AND INDEMNIFICATION.

As part of the Corporation's annual report to members, the President, Secretary or Treasurer shall prepare a statement of any transaction or indemnification of the following kinds, if they take place, within the Corporation's fiscal year:

- (a) Covered transactions, singly or in total during the fiscal year, involving more than fifty thousand dollars (\$50,000) in which an interested person had a material financial interest.

A covered transaction is a financial transaction to which this Corporation is a party. An interested person is any Director, officer, or holder of more than 10% of this Corporation's voting power that has a direct or indirect material

financial interest in that transaction. Directorship itself is not a material financial interest.

(b) Loans, guaranties, indemnifications, or advances, either singly or in total in the course of the fiscal year, paid or made to the same Director, officer, or agent of this Corporation in pursuit of proceedings on behalf of the Corporation, amounting to more than ten thousand dollars (\$10,000).

The statement shall include a brief description of each transaction, the names of interested persons involved, their relationship to the Corporation, the nature of their interest in each transaction, and, when practicable, the amount of that interest.

The statement of transactions (a) and (b) need not be included in the annual report if they were approved by the members before they were executed. Any such prior approval shall have been archived with the minutes of the membership meeting in which it was voted upon. ([CORP §8322](#))

Section 9. STATEMENT OF GENERAL INFORMATION.

The Secretary shall file with the California Secretary of State the Corporation's biennial information statement required by [CORP §8210](#). The Secretary shall file a new statement whenever information contained in the statement on file changes.

Section 10. PERIODIC REVIEW OF ELECTRONIC BACKUPS.

Beginning in 2025, all electronic backups of documents stored, as required by Sections 1,2,3,4,5 and 6 of this Article and by Section 2 of Article II, including those on the cloud, if any, shall be reviewed to determine if the storage media on which they are written is still readable by current computer hardware and operating systems. Documents on outdated media or media that can be foreseen to become outdated within the next five years shall be transferred to new media. This same review shall be conducted every five years thereafter.

ARTICLE XIV INDEMNIFICATION

([CORP §7237](#))

Section 1. IN PROCEEDINGS INITIATED BY THIS CORPORATION.

The Board of Directors of this Corporation shall indemnify any Board-authorized agent of the Corporation who is or was acting to secure a judgment in its favor in any legal proceeding against expenses, judgments, fines or settlements incurred in connection with that proceeding, provided:

- a) The authorized agent acted in good faith, and
- b) The authorized agent acted in a manner he or she reasonably believed to be in the best interests of this Corporation, and

- c) In the case of a criminal proceeding, the authorized agent had no reason to believe his or her conduct was unlawful.

There may be no indemnification for any of the following:

- a) In the event the authorized agent is found liable to this Corporation in the performance of his or her duty to the Corporation and its members, then the court in which the proceeding was brought may determine that the agent is entitled to indemnity for expenses, and only to the extent that the court determines
- b) Of amounts paid in settling or otherwise disposing of a pending proceeding without court approval
- c) Of expenses incurred in defending a pending proceeding which is settled or otherwise disposed of without court approval.

Section 2. IN PROCEEDINGS INITIATED BY OTHERS.

The Board of Directors of this Corporation shall indemnify any authorized agent who is or was a party, or is threatened to be made a party, to any proceeding by acting as an agent of this Corporation, against expenses, judgments, fines, or settlements incurred in connection with that proceeding, provided:

- (a) The authorized agent acted in good faith
- (b) The authorized agent acted in a manner he or she reasonably believed to be in the best interests of this Corporation
- (c) In the case of a criminal proceeding, the authorized agent had no reason to believe his or her conduct was unlawful.

Section 3. SUCCESS IN PROCEEDINGS BY AGENT.

To the extent that an authorized agent is successful in pursuit of the proceeding in the interest of the Corporation in the case of either Section 1 or Section 2 of this Article, the Board of Directors shall fully indemnify the agent for all reasonable expenses actually incurred.

Section 4. REQUIRED APPROVAL IF UNSUCCESSFUL.

The Corporation shall indemnify an authorized agent who unsuccessfully pursued a proceeding in the interest of the Corporation only upon a determination that indemnification of the agent is proper in the circumstances because the agent has met the applicable standards of conduct in Sections 1 or 2 of this Article, by any of the following:

- (a) A majority vote of a quorum consisting of Directors who are not or were not parties to the proceeding.
- (b) Approval by the affirmative vote of a majority of the members of this Corporation entitled to vote represented at a duly held meeting at which a quorum is present or by the written consent of a majority of the members entitled to vote. For this purpose, the authorized agent to be indemnified, if a member, may not vote.
- (c) The court in which the proceeding is or was pending, on application made by this Corporation or the agent or other person rendering services in connection with the proceeding, whether or not the application is opposed by this Corporation.

Section 5. ADVANCE OF EXPENSES.

Expenses to be incurred in pursuing any proceeding may be advanced by the Board of Directors before final disposition upon presentation of a reasonable estimate of expected expenses by the authorized agent pursuing the proceeding. The Board may elect to advance all or a fraction of the full amount anticipated. All advances will be deducted from the final indemnification.

Section 6. OTHER CONTRACTUAL RIGHTS.

- (a) The indemnification provided by this Section does not negate other rights the authorized agent may be entitled to, either by virtue of his or her actions on behalf of the Corporation, or actions for others while serving as an authorized agent. The Articles of Incorporation may govern or limit the extent of those additional rights.
- (b) The rights to indemnity under this Section continue for a person who has ceased to be an authorized agent and for his or her heirs, executors and administrators.
- (c) This Article does not affect any right to indemnification to which persons other than Directors and officers of this Corporation may be entitled by contract or otherwise.

Section 7. LIMITATIONS.

Indemnification may be made as provided in this Article unless:

- (a) It would be inconsistent with the Articles of Incorporation, these bylaws or a resolution of the members.
- (b) Indemnification is limited or prohibited by an agreement that was in effect when the action that precipitated the proceeding is alleged to have taken place.
- (c) It would be inconsistent with any condition imposed by a court in approving a settlement.

Section 8. INSURANCE.

The Board of Directors may purchase and maintain insurance on behalf of any authorized agent against any liability asserted against or incurred in the agent's pursuit of any proceeding in the Corporation's interest.

ARTICLE XV AMENDMENT OF BYLAWS

(CORP §7150)

Section 1. AMENDMENT OF BYLAWS.

Except as provided by law, these bylaws may be amended or repealed as follows:

- (a) The Board of Directors may amend these bylaws by simple majority vote. The Board may adopt new bylaws or repeal existing ones unless doing so would:
 - (i) Materially and adversely affect the members' rights as to voting, dissolution of the Corporation, or transfer of shares.
 - (ii) Increase or decrease the total number of shares
 - (iii) Authorize a new class of membership or shares.
- (b) Without the approval of the members, the Board of Directors may not adopt, amend or repeal any bylaw that would:
 - (i) Increase or extend the terms of Directors
 - (ii) Allow any selection of a Director to a full term other than by election by the full membership
 - (iii) Change the maximum number of Directors on the Board
 - (iv) Increase the quorum for members' meetings
 - (v) Create, repeal, expand, restrict or otherwise change proxy rights; or
 - (vi) Authorize cumulative voting.
- (c) The members may amend, repeal or replace these bylaws in a duly noticed meeting of members at which a quorum or more is present. Approval shall require a 2/3 affirmative vote of members present.

- (d) When a quorum cannot be convened in a duly noticed membership meeting, the members may amend, repeal or replace these bylaws by a 2/3 vote to accept amendments, replacement or repeal proposed by the Board of Directors on paper ballots mailed to all members on the records of the Corporation. The ballots shall specify a postmark date for return of ballots that will be counted. A 2/3 vote to accept the proposal of the Board shall cause the proposal to be accepted and the Secretary shall record the bylaws so amended, replaced or repealed. Votes shall be either to accept or reject the proposed amendment, repeal, or replacement whole; changes or edits cannot be made.

In all cases, the Board may keep these bylaws current by amending them to reflect new or changed statutes and regulations. The members shall be notified of all such changes made by the Directors, and the reasons for them, within 60 days of recordation of the bylaws so amended.

Section 2. BYLAWS SUPERSEDE ALL OTHERS.

These Restated Bylaws of the Markleeville Water Company take effect on the date they are recorded. They supersede and replace all previous versions and revisions.

ARTICLE XVI DISSOLUTION OF THE CORPORATION

Section 1. ASSETS DISTRIBUTION TO MEMBERS.

When the Corporation is dissolved, all taxes shall first be paid. Then all debts shall be paid. Each member then in good standing shall receive a portion of the Corporation's cash and assets based on the number of that member's shares in proportion to the total number of shares in the Corporation. Shares held by the Corporation at the time of dissolution shall not be counted in the total. (CORP §8713, §8717)

Section 2. DISPOSITION OF ASSETS.

The Board of Directors shall have complete and exclusive authority to dispose of the Corporation's non-cash assets prior to cash value to the members. The Directors shall be deemed to have acted in good faith in all such transactions, and the outcomes shall not be subject to review by the members. (CORP §8710g)

Section 3. RECORD KEEPING.

The Secretary and Treasurer shall continuously maintain the Corporation's books and records so as to ensure that each present and former member's interest in the Corporation's funds and assets can be accurately known.

SECRETARY'S CERTIFICATE

OF THE MARKLEEVILLE WATER COMPANY - A California Mutual Benefit Corporation

I hereby certify that I am the duly elected and acting Secretary of said Corporation and that the foregoing Bylaws, comprising 55 pages, constitute the Bylaws of said Corporation as duly adopted at a meeting of the Members held on _____, 2025.

Executed _____, 2025.

_____ -

Joanne Oehlerking, Secretary

Markleeville Water Company