

**AMENDED AND RESTATED BYLAWS
OF
SAN ANTONIO WATER COMPANY**

ARTICLE 1

Purpose and Office

Section 1.01 Purpose. As stated and provided in its Articles of Incorporation, the purpose of the corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business, or the practice of a profession permitted to be incorporated by the California Corporations Code.

The specific purpose of the corporation is to develop, distribute, supply, and deliver water to its shareholders for irrigation, domestic, and all other useful purposes, in proportion to the number of shares of stock held by them respectively, at actual cost, and is not organized for the private gain of any person.

Section 1.02 Principal Office. The Board of Directors shall fix the location of the principal executive office of the Corporation at any place within or outside the State of California. If the principal executive office is located outside this state, and the Corporation has one or more business offices in this state, the Board of Directors shall fix and designate a principal office in the State of California.

Section 1.03 Other Offices. The Board of Directors may at any time establish branch or subordinate offices at any place or places where the Corporation is qualified to do business.

ARTICLE II

Meetings of Shareholders

Section 2.01 Place of Meetings. Meetings of Shareholders shall be held at any place within or outside the State of California designated by resolution of the Board of Directors. In the absence of any such designation, Shareholders' meetings shall be held at such place as may be designated in the notice of the

meeting, or if no such place is designated, then at the principal executive office of the Corporation.

Section 2.02 Annual Meetings. The annual meeting of Shareholders shall be held each year on a date and at a time designated by the Board of Directors. At each annual meeting Directors shall be elected, and any other proper business may be transacted.

Section 2.03 Special Meetings. A special meeting of the Shareholders may be called at any time by the Board of Directors, or by the President, or by one or more Shareholders holding shares in the aggregate entitled to cast not less than 20% of the votes at that meeting.

If a special meeting is called by any person or persons other than the Board of Directors, the request shall be in writing, specifying the time of such meeting, the place of such meeting, and the general nature of the business proposed to be transacted, and shall be delivered personally or sent by registered mail or by telegraphic or other facsimile transmission to the President, any Vice President, or the Secretary of the Corporation. The Officer receiving the request shall cause notice to be promptly given to the Shareholders entitled to vote, in accordance with the provisions of Sections 2.04 and 2.05, that a meeting will be held at the time requested by the person or persons calling the meeting, not less than thirty-five (35) nor more than sixty (60) days after the receipt of the request. If the notice is not given within twenty (20) days after receipt of the request, the person or persons requesting the meeting may give the notice. Nothing contained in this paragraph of this Section 2.03 shall be construed as limiting, fixing, or affecting the time when or the place where a meeting of Shareholders called by action of the Board of Directors may be held.

Section 2.04 Notice of Shareholders' Meetings. All notices of meetings of Shareholders shall be sent or otherwise given in accordance with Section 2.05 not less than ten (10), or if sent by third class mail thirty (30), nor more than sixty (60) days before the date of the meeting. The notice shall specify the place, date, and hour of the meeting and (i) in the case of a special meeting, the general nature of the business to be transacted, or (ii) in the case of the annual meeting, those matters which the Board of Directors, at the time of giving the notice, intends to present for action by the Shareholders. The notice of any meeting at which Directors are to be elected shall include the name of any nominee or nominees whom, at the time of the notice, management intends to present for election.

If action is proposed to be taken at any meeting for approval of (i) a contract or transaction in which a Director has a direct or indirect financial interest,

pursuant to Section 310 of the Corporations Code of California, (ii) an amendment of the Articles of Incorporation, pursuant to section 902 of that Code, (iii) a reorganization of the Corporation, pursuant to Section 1201 of that Code, (iv) a voluntary dissolution of the Corporation, pursuant to Section 1900 of that Code, or (v) a distribution in dissolution other than in accordance with the rights of outstanding preferred shares, pursuant to Section 2007 of that Code, the notice shall also state the general nature of that proposal.

Section 2.05 Manner of Giving Notice; Affidavit of Notice. Notice of any meeting of Shareholders shall be given either personally or by first class mail (or, if the Corporation shall have outstanding shares held of record by 500 or more persons on the record date, notice may be sent by third class mail) or telegraphic or other written communication, charges prepaid, addressed to the Shareholder at the address of that Shareholder appearing on the books of the Corporation or given by the Shareholder to the Corporation for the purpose of notice. If no such address appears on the Corporation's books or is given, notice shall be deemed to have been given if sent to that Shareholder by first class mail or telegraphic or other written communication to the Corporation's principal executive office, or if published at least once in the newspaper of general circulation in the county where that office is located. Notice shall be deemed to have been given at the time when delivered personally or deposited in the mail or sent by telegram or other means of written communication.

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

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

Section 2.06 Quorum. The presence in person or by proxy of the holders of a majority of the shares entitled to vote at any meeting of Shareholders shall constitute a quorum for the transaction of business. The Shareholders present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Shareholders to leave less than a quorum, if any action taken, other than

adjournment, is approved by at least a majority of the shares required to constitute a quorum.

Section 2.07 Adjourned Meeting; Notice. Any Shareholders' meeting, annual or special, whether or not a quorum is present, may be adjourned from time to time by the vote of the majority of the shares represented at that meeting, either in person or by proxy, but in the absence of a quorum, no other business may be transacted at that meeting, except as provided in section 2.06.

When any meeting of Shareholders, either annual or special, is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place are announced at a meeting at which the adjournment is taken, unless a new record date for the adjourned meeting is fixed, or unless the adjournment is for more than forty-five (45) days from the date set for the original meeting, in which case the Board of Directors shall set a new record date. Notice of any such adjourned meeting shall be given to each Shareholder of record entitled to vote at the adjourned meeting in accordance with the provisions of Sections 2.04 and 2.05. At any adjourned meeting the Corporation may transact any business which might have been transacted at the original meeting.

Section 2.08 Voting. The Shareholders entitled to vote at any meeting of Shareholders shall be determined in accordance with the provisions of Section 2.11, subject to the Corporations Code of California (relating to voting shares held by a fiduciary, in the name of a Corporation, or in joint ownership). The Shareholder's vote may be by voice vote or by ballot; provided, however, that any election for Directors must be by ballot if demanded by any Shareholder before the voting has begun. Except as provided in Section 2.06, the affirmative vote of a majority of the shares represented and voting at a duly held meeting at which a quorum is present (which shares voting affirmatively also constitute at least a majority of the required quorum) shall be the act of the Shareholders, unless the vote of a greater number or voting by classes is required by the California General Corporation Law, by the Articles of Incorporation, or by the Bylaws.

At a Shareholders' meeting at which Directors are to be elected, Shareholders may vote for one or more directors but shall not be entitled to cumulate votes, i.e. cast for any candidate a number of votes greater than the number of votes which such Shareholder normally is entitled to cast, and cumulative voting shall not be allowed in an election of directors.

Section 2.09 Waiver of Notice or Consent by Absent Shareholders. The transactions of any meeting of Shareholders, either annual or special, however

called and noticed, and wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy, and if, either before or after the meeting, each person entitled to vote, who was not present in person or by proxy, signs a written waiver of notice or a consent to the holding of the meeting, or an approval of the minutes. Any waiver of notice, consent to the holding of a meeting, or approval of the minutes thereof, need not specify either the business to be transacted at or the purpose of any annual or special meeting of Shareholders, except that if action is taken or proposed to be taken for approval of any of those matters specified in the second paragraph of Section 2.04, the waiver of notice, consent, or approval shall state the general nature of the proposal. All such waivers, consents, or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

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

Section 2.10 Shareholder Action by Written Consent Without a Meeting.

Any action which may be taken at any annual or special meeting of Shareholders may be taken without a meeting and without prior notice, if a consent in writing setting forth the action so taken is signed by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take that action at a meeting at which all shares entitled to vote on that action were present and voted. In the case of approval of (i) contracts or transactions in which a Director has a direct or indirect financial interest, pursuant to Section 310 of the Corporations Code of California, (ii) indemnifications of agents of the Corporation, pursuant to Section 317 of that Code, (iii) a reorganization of the Corporation, pursuant to Section 1201 of that Code, and (iv) a distribution in dissolution other than in accordance with the rights of outstanding preferred shares, pursuant to Section 2007 of that Code, the notice shall be given at least ten (10) days before the consummation of any action authorized by that approval.

Section 2.11 Record Date for Shareholder Notice, Voting, and Giving Consents. For purposes of determining the Shareholders entitled to notice of any meeting or to vote or entitled to give consent to corporate action without a meeting, the Board of Directors may fix, in advance, a record date, which shall not be more that sixty (60) days nor less than (10) days before the date of any such meeting nor more than sixty (60) days before any such action without a meeting, and in this event only Shareholders of record at the close of business

on the date so fixed are entitled to notice and to vote or give consents, as the case may be, notwithstanding any transfer of any shares on the books of the Corporation after the record date, except as otherwise provided in the California General Corporation Law.

If the Board of Directors does not fix a record date:

a) The record date for determining Shareholders entitled to notice of or to vote at a meeting of Shareholders shall be at the close of business on the business day next preceding the day on which notice is given or, if notice is waived, at the close of business on the business day next preceding the day on which the meeting is held.

b) The record date for determining Shareholders entitled to give consent to corporate action in writing without a meeting, (i) when no prior action by the Board has been taken, shall be the day on which the first written consent is given, or (ii) when prior action of the Board has been taken, shall be at the close of business on the day on which the Board adopts the resolution relating to that action, or the sixtieth (60th) day before the date of such other action, whichever is later.

Section 2.12 Proxies. Every person entitled to vote for Directors or on any other matter shall have the right to do so either in person or by one or more agents authorized by a written proxy signed by the person and filed with the Secretary of the Corporation. A proxy shall be deemed signed if the Shareholder's name is placed on the proxy, whether by manual signature, typewriting, telegraphic transmission, or otherwise, by the Shareholder or the Shareholder's attorney in fact.

A validly executed proxy which does not state that it is irrevocable shall continue in full force and effect unless (i) revoked by the person executing it, before the vote pursuant to that proxy, by a writing delivered to the Corporation stating that the proxy is revoked, or by a subsequent proxy executed by the person executing the prior proxy and presented to the meeting, or as to any meeting by attendance at such meeting and voting in person by the person executing the proxy; or (ii) written notice of the death or incapacity of the maker of that proxy is received by the Corporation before the vote pursuant to that proxy is counted; provided, however, that no proxy shall be valid after the expiration of eleven (11) months from the date of the proxy, unless otherwise provided in the proxy. The revocability of a proxy that states on its face that it is irrevocable shall be governed by the provisions of Sections 705(e) and 705(f) of the Corporations Code of California.

Section 2.13 Inspectors of Election. Before any meeting of Shareholders, the Board of Directors may appoint any persons other than nominees for office to act as inspectors of election at the meeting or its adjournment. If no inspectors of election are so appointed, the chairman of the meeting may, and on the request of any Shareholder or a Shareholder's proxy shall, appoint inspectors of election at the meeting. The number of inspectors shall be either one (1) or three (3). If inspectors are appointed at a meeting on the request of one or more Shareholders or proxies, the holders of a majority of shares or their proxies present at the meeting shall determine whether one (1) or three (3) inspectors are to be appointed. If any person appointed as inspector fails to appear or fails or refuses to act, the chairman of the meeting may, and upon the request of any Shareholder or a Shareholder's proxy shall, appoint a person to fill that vacancy.

These inspectors shall:

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

ARTICLE III

Directors

Section 3.01 Powers. Subject to the provisions of the California General Corporation Law and any limitations in the Articles of Incorporation and these Bylaws relating to action required to be approved by the Shareholders or by the outstanding shares, the business and affairs of the Corporation shall be managed and all corporate powers shall be exercised by or under the direction of the Board of Directors.

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

a) Select and remove all Officers, agents, and employees of the Corporation; prescribe any powers and duties for them that are consistent with law, with the Articles of Incorporation, and with these Bylaws; fix their compensation; and require from them security for faithful service.

b) Change the principal executive office or the principal business office in the State of California from one location to another; cause the Corporation to be qualified to do business in any other state, territory, dependency, or country and conduct business within or without the State of California; and designate any place within or without the State of California for the holding of any Shareholders' meeting, or meetings, including annual meetings.

c) Adopt, make, and use a corporate seal; prescribe the forms of certificates of stock; and alter the form of the seal and certificates.

d) Authorize the issuance of shares of stock of the Corporation on any lawful terms, in consideration of money paid, labor done, services actually rendered, debts or securities canceled, or tangible or intangible property actually received.

e) Borrow money and incur indebtedness on behalf of the Corporation, and cause to be executed and delivered for Corporation's purposes, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, and other evidences of debt and securities.

f) Dismiss any employee (whether regular or temporary) and terminate his employment, regardless of the period of employment, whether express or implied, without liability to the Corporation, other than for compensation for services actually performed to the time of dismissal and prorated, if that be necessary, at the rates provided for in the contract, or otherwise agreed upon or payable; and regardless of whether so stated in the contract or at the time of hiring, the power of the Board of Directors to dismiss an employee as herein provided shall be deemed a part of every employment and every contract of employment, whether such contract of employment be written or oral; and no office, superintendent, or other representative of the Corporation shall have any authority to employ any person other than upon and subject to the right of the Board to terminate the employment at any time, without liability resulting therefrom; provided, further, the Board shall have power to waive such right of dismissal in any hiring for a period of not in excess of one year when the

contract is in writing and shall have been expressly authorized by resolution of the Board.

g) Delegate to any superintendent or other employee or agent of the Corporation the enforcement of the rules and regulations of the Corporation, and the determination of all matters of a ministerial nature.

h) The board shall have the power to fix, and from time to time change, the charges or tolls payable for water furnished, or other service rendered; and to levy, collect and enforce assessments against the shares of stock.

It shall lie within the power of the board of directors to determine what part of the revenue of the company shall be raised by assessments and what part by tolls or rates, and what amount or items shall be charged to current operating expense and what to permanent additions or betterments.

i) The board shall have power to provide the time when tolls, charges and accounts shall be due and when delinquent, and for the payment of interest on past due tolls, charges and accounts at a rate not exceeding the highest permitted under applicable law.

j) The board may provide for the imposition and enforcement of a penalty for violation of the rules and regulations of the company, not exceeding in any instance the sum of One Hundred Dollars (\$100.00).

k) The board may provide for the suspension of water service and for discontinuance of water delivery for violation of the rules and regulations, or for failure to pay any charges, tolls, assessments, costs, interest, penalties or other sums payable to the Company, and the time when and the conditions upon which such delivery or service shall be resumed.

l) The board may provide for, determine and fix the location and installation of the measuring gates, hydrants, weirs, and meters for turning out or measuring the water to which the respective shareholders may be entitled, and may provide that no gate, hydrant, weir or meter shall be installed or changed without the consent and approval of the board, and that each such gate, hydrant, weir or meter shall be installed and/or maintained at the expense of the shareholder or shareholders using or supplied through the same. Any such appliance shall be under the control of the company, and be deemed a part of the company's distributing system.

No shareholder, by virtue of the ownership of shares, shall be entitled to connect with the distributing system used by the company for delivery of water, or to take water therefrom except with the consent and upon and subject to the rules and regulations of the company pertaining thereto, and the company reserves and shall have full control over all storing, distributing, measuring and diversion appliances, and over all water until it shall have been actually released or delivered to the shareholder.

m) The board shall have the power to provide, determine and fix, at such time or times and in such manner as the board shall determine, and to change, any or all of the following with respect to delivery of water, to-wit:

(1) The amount of water available for distribution to the shareholders, and the amount apportioned for and to be delivered to each share for any season, year or period of time. In making such determination the board shall take into consideration all factors by them deemed relevant, and their determination, in good faith, shall be conclusive upon each and every shareholder;

(2) The time when delivery shall begin and end each season or year;

(3) The times during the season when delivery is to be made, and for delivery in heads upon recurring periods, and the amount delivered at any time, and the minimum and maximum number of shares in respect of which delivery will be made at one place or at one time;

(4) The notice required for and conditions under which delivery is to be made;

(5) That any shareholder not taking the water allotted to his shares at the time provided therefor shall forfeit or lose his right to the delivery of that water.

(n) The board may provide and determine the place or places where, and the points to which, the water distributing system, or any other system, service, or appliances of the company shall be located or extended. The holding of shares of the company shall confer no right upon the shareholder to have any pipe lines, water conduit, or other appliance of the company enlarged or extended without the consent of the board of directors; and the board shall at all times, be the exclusive judge of the necessity and expediency of constructing, enlarging, changing and extending of the water distribution system or other appliances of

the company and such expediency and necessity shall, at all times, be determined by and subject to the sole and uncontrolled discretion of the board.

Section 3.02 Number and Qualification of Directors. The authorized number of Directors shall be seven (7) until changed by a duly adopted amendment to the Articles of Incorporation or by an amendment to this Bylaw adopted by the vote or written consent of holders of a majority of the outstanding shares entitled to vote; provided, however, that an amendment reducing the number of Directors to a number less than five (5) cannot be adopted if the votes cast against its adoption at a meeting, or the shares not consenting in the case of action by written consent, are equal to more than 16-2/3% of the outstanding shares entitled to vote.

Section 3.03 Election and Term of Office of Directors. Directors shall be divided into two (2) classes. Class 1 shall consist of four (4) Directors, who shall serve an initial term of four (4) years, and thereafter a term of four (4) years. Class 2 Directors shall consist of three (3) Directors, who shall serve an initial term of two (2) years, and thereafter a term of four (4) years. Election of Directors shall be held at the annual meeting occurring every two (2) years, commencing with the annual meeting to be held in 2013. Each Director, including a Director elected to fill a vacancy, shall hold office until the expiration of the term for which elected and until a successor has been elected. There shall be no limit on the number of terms that a duly elected Director can serve.

Section 3.04 Vacancies. Vacancies in the Board of Directors may be filled by a majority of the remaining Directors though less than a quorum, or by a sole remaining Director, except that a vacancy created by the removal of a Director by the vote or written consent of the Shareholders or by court order may be filled by the Shareholders only in a manner specified in the California General Corporation Law. Each Director so elected shall hold office until the next annual meeting of the Shareholders and until a successor has been elected and qualified.

A vacancy or vacancies on the Board of Directors shall be deemed to exist in the event of the death, resignation, or removal of any Director, or if 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 convicted of a felony, or if the authorized number of Directors is increased, or if the Shareholders fail, at any meeting of Shareholder at which any Director or Directors are elected, to elect the number of Directors to be voted for at that meeting.

The Shareholders may elect a Director or Directors at any time to fill any vacancy or vacancies not filled by the Directors in the manner provided for

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

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

Section 3.05 Place of Meetings and Meetings by Telephone. Regular meetings of the Board of Directors may be held at any place within or outside the State of California that has been designated from time to time by resolution of the Board. In the absence of such a designation, regular meetings shall be held at any place designated in the notice of the meeting, or if there is no notice, at the principal executive office of the Corporation. Special meetings of the Board shall be held at any place within or outside the State of California that has been designated in the notice of the meeting or, if not stated in the notice or there is no notice, at the principal executive office of the Corporation. Any meeting, regular or special, may be held by conference telephone or similar communication equipment, so long as all Directors participating in the meeting can hear one another and all such Directors shall be deemed to be present in person at the meeting.

Section 3.06 Annual Meeting. Immediately following each annual meeting of Shareholders, the Board of Directors shall hold a regular meeting for the purpose of organization, any desired election of Officers, and the transaction of other business. Notice of this meeting shall not be required.

Section 3.07 Other Regular Meetings. Other regular meetings of the Board of Directors shall be held without call at such time as shall from time to time be fixed by the Board of Directors. Such regular meetings may be held without notice.

Section 3.08 Special Meetings. Special meetings of the Board of Directors for any purpose or purposes may be called at any time by the President or any Vice President or the Secretary or any two Directors.

Notice of the time and place of special meetings shall be delivered personally or by telephone to each Director or sent by first class mail, mailgram, or telegram, charges prepaid, addressed to each Director at that Director's address as it is shown on the records of the Corporation. In case the notice is mailed, it shall be deposited in the United States mail at least four (4) days before the time of the holding of the meeting. In case the notice is delivered personally, or by

telephone or mailgram, or telegram it shall be delivered personally or by telephone or to the telegraph company at least forty-eight (48) hours before the time of the holding of the meeting. Any oral notice given personally or by telephone may be communicated either to the Director or to a person at the office of the Director who the person giving the notice has reason to believe will promptly communicate it to the Director. The notice need not specify the purpose of the meeting nor the place if the meeting is to be held at the principal executive office of the Corporation.

Section 3.09 Quorum. A majority of the authorized number of Directors shall constitute a quorum for the transaction of business, except to adjourn as provided in Section 3.11. Every act or decision done or made by a majority of the Directors present shall be regarded as the act of the Board of Directors, subject to the provisions of Section 310 of the Corporations Code of California as to approval of contracts or transactions in which a Director has a direct or indirect material financial interest, Section 311 of that Code as to appointment of committees, and Section 317(e) of that Code as to indemnification of Directors. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for that meeting.

Section 3.10 Waiver of Notice. The transactions of any meeting of the Board of Directors, however called or noticed or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice if a quorum is present and if, either before or after the meeting, each of the Directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice of consent need not specify the purpose of the meeting. All such waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Notice of a meeting shall also be deemed given to any Director who attends the meeting without protesting before or at its commencement, the lack of notice to that Director.

Section 3.11 Adjournment. A majority of the Directors present whether or not constituting a quorum may adjourn any meeting to another time and place.

Section 3.12 Notice of Adjournment. Notice of the time and place of holding an adjourned meeting need not be given, unless the meeting is adjourned for more than twenty-four (24) hours, in which case notice of the time and place shall be given before the time of the adjourned meeting, in the manner specified in Section 3.08, to the Directors who were not present at the time of the adjournment.

Section 3.13 Action Without a Meeting. Any action required or permitted to be taken by the Board of Directors may be taken without a meeting, if all members of the Board shall individually or collectively consent in writing to that action. Such action by written consent shall have the same force and effect as a unanimous vote of the Board of Directors. Such written consent or consents shall be filed with the minutes of the proceedings of the Board.

Section 3.14 Fees and Compensation of Directors. Directors and members of the committees may receive such compensation, if any, for their services, and such reimbursement of expenses, as may be fixed or determined by resolution of the Board of Directors. This Section 3.14 shall not be construed to preclude any Director from serving the Corporation in any other capacity as an Officer, agent, employee, or otherwise, and receiving compensation for those services.

Section 3.15 Manifestation of Dissent. A Director of the Corporation who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Corporation promptly after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

ARTICLE IV

Committees

Section 4.01 Committees of Directors. The Board of Directors may, by resolution adopted by a majority of the authorized number of Directors, designate one or more committees, each consisting of two or more Directors, to serve at the pleasure of the Board. The Board may designate one or more Directors as alternate members of any committee, who may replace any absent member at any meeting of the committee. The appointment of members or alternate members of a committee requires the vote of a majority of the authorized number of Directors. Any committee, to the extent provided in the resolution of the Board, shall have all the authority of the Board, except with respect to:

(a) the approval of any action which, under the General Corporation Law of California, also requires Shareholders' approval or approval of the outstanding shares;

(b) the filling of vacancies on the Board of Directors or in any committee;

(c) the fixing of compensation of the Directors for serving on the Board or any committee;

(d) the amendment or repeal of Bylaws or the adoption of new Bylaws;

(e) the amendment or repeal of any resolution of the Board of Directors which by its express terms is not so amendable or repealable;

(f) a distribution to the Shareholders of the Corporation, except at a rate or in a periodic amount or within a price range determined by the Board of Directors; or

(g) the appointment of any other committees of the Board of Directors or the members of these committees.

Section 4.02 Meetings and Action of Committees. Meeting and action of committees shall be governed by, and held and taken in accordance with, the provisions of Article III of these Bylaws, Section 3.05 regarding place of meetings, Section 3.08 regarding special meetings and notice, Section 3.09 regarding quorum, Section 3.10 regarding waiver of notice, Section 3.11 regarding adjournment, Section 3.12 regarding notice of adjournment, and Section 3.13 regarding action without meeting, with such changes in the context of those Bylaws as are necessary to substitute the committee and its members being implied, except that the time of regular meetings of committees may be determined either by resolution of the Board of Directors or by resolution of the committee. Special meetings of committees may also be called by resolution of the Board of Directors, and notice of special meetings of committees shall also be given to all alternate members, who shall have the right to attend all meetings of the committee. The Board of Directors may adopt rules for the government of any committee not inconsistent with the provisions of these Bylaws.

ARTICLE V

Officers

Section 5.01 Officers. The Officers of the Corporation shall be a President, a Secretary, and a Chief Financial Officer. The Corporation may also have, at the discretion of the Board of Directors, one or more Vice Presidents, one or more Assistant Secretaries, one or more assistant Financial Officers, and such other Officers as may be appointed in accordance with the provisions of Section 5.03. Any number of offices may be held by the same person.

Section 5.02 Election of Officers. The Officers of the Corporation, except such Officers as may be appointed in accordance with the provisions of Section

5.03 or 5.05, shall be chosen by the Board of Directors, and each shall serve at the pleasure of the Board, subject to the right, if any, of an Officer under any written contract of employment.

Section 5.03 Subordinate Officers. The Board of Directors may appoint, and may empower the President to appoint, such other Officers as the business of the Corporation may require, each of whom shall hold office for such period, have such authority, and perform such duties as are provided in the Bylaws or as the Board of Directors may from time to time determine.

Section 5.04 Removal and Resignation of Officers. Subject to the rights, if any, of an Officer under any written contract of employment, any Officer may be removed, either with or without cause, by the Board of Directors, at any regular or special meeting of the Board, or, except in case of an Officer chosen by the Board of Directors, by any Officer upon whom such power of removal may be conferred by the Board of Directors.

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

Section 5.05 Vacancies in Offices. A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled in the manner prescribed in these Bylaws for regular appointments to that office.

Section 5.06 General Manager. The General Manager shall be the Chief Executive Officer of the Corporation and shall, subject to the control of the Board of Directors, and the general supervision of the President, have general supervision, direction and control of the business.

Section 5.07 President. The President shall have general supervision of the Officers of the Corporation. He shall preside at all meetings of the Shareholders and, at all meetings of the Board of Directors. He shall have the general powers and duties of management usually vested in the office of President of a Corporation other than as vested in other Officers, and shall have such other powers and duties as may be prescribed by the Board of Directors or the Bylaws.

Section 5.08 Vice Presidents. In the absence or disability of the President, the Vice Presidents, if any, in order of their rank as fixed by the Board of Directors,

or, if not ranked, a Vice President designated by the President, shall perform all duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. The Vice Presidents shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the Board of Directors, the Bylaws, and the President.

Section 5.09 Secretary. The Secretary shall keep or cause to be kept, at the principal executive office or such other place as the Board of Directors may direct, a book of minutes of all meetings and actions of Directors, committees of Directors, and Shareholders, with the time and place of holding, the notice given, whether regular or special, and, if special, how authorized, the names of those present at Directors' meetings or committee meetings, the number of shares present or represented at Shareholders' meetings, and the proceedings.

The Secretary shall keep, or cause to be kept, at the principal executive office or at the office of the Corporation's transfer agent or registrar, as determined by the Board of Directors, a share register, or a duplicate share register, showing the names of all Shareholders and their addresses, the number and classes of shares held by each, the number and date of certificates issued for the same, and the number and date of cancellation of every certificate surrendered for cancellation.

The Secretary shall give, or cause to be given, notice of all meetings of the Shareholders and of the Board of Directors required by law or by the Bylaws to be given, and the Secretary shall keep the seal of the Corporation, if one be adopted, in safe custody and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or by the Bylaws.

Section 5.10 Chief Financial Officer. The Chief Financial Officer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of the Corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and shares. The books of account shall at all reasonable times be open to inspection by any Director.

The Chief Financial Officer shall deposit all monies and other valuables in the name and to the credit of the Corporation with such depositaries as may be designated by the Board of Directors. He shall disburse the funds of the Corporation as may be ordered by the Board of Directors, shall render to the President and Directors, whenever they request it, and an account of all of his transactions as Chief Financial Officer and of the financial condition of the

Corporation, and shall have other powers and perform such other duties as may be prescribed by the Board of Directors or the Bylaws.

Section 5.11 Reimbursement of Disallowed Payments. Any payments made to an Officer, Director, or employee of the Corporation, including without limitation salary payments, commissions, bonuses, interest payments, or reimbursements for business or entertainment expenses incurred by him, that shall be disallowed for federal or state income tax purposes in whole or in part as a deductible expense of the Corporation, shall be reimbursed to the Corporation by such Officer, Director, or employee to the full extent of the disallowance within ninety (90) days after the Corporation has been notified of the disallowed amount. It shall be the duty of the Board of Directors to enforce payment of each amount disallowed. In lieu of payment by the Officer, Director, or employee, the Board of Directors of the Corporation may withhold up to fifty percent (50%) of any future salary payments or other payments due such Officer, Director, or employee until the amount owed the Corporation has been recovered.

Article VI

Indemnification of Directors, Officers, Employees, and other Agents

Section 6.01 Agents, Proceedings, and Expenses. For the purpose of this Article, “agent” means any person who is or was a Director, Officer, employee, or other agent of this Corporation, or is or was serving at the request of this Corporation as a Director, Officer, employee, or agent of another foreign or domestic Corporation, partnership, joint venture, trust or other enterprise, or was a Director, Officer, employee, or agent of a foreign or domestic Corporation which was a predecessor Corporation of this Corporation or of another enterprise at the request of such predecessor Corporation; “proceeding” means any threatened, pending or completed action or proceeding, whether civil, criminal, administrative, or investigative; and “expenses” included, without limitation, attorneys’ fees and any expenses of establishing a right to indemnification under Section 6.04 or 6.05 (c).

Section 6.02 Actions Other than by the Corporation. This Corporation shall indemnify any person who was or is a party, or is threatened to be made a party, to any proceeding, other than an action by or in the right of this Corporation to procure judgment in its favor, by reason of the fact that such person is or was an agent of this Corporation, against expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with such proceeding if that person acted in good faith and in a manner that person reasonably believed to be in the best interests of this Corporation and, in the case of a criminal proceeding, had no reasonable cause

to believe his conduct was unlawful. The termination of any proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in the best interests of this Corporation or that the person had reasonable cause to believe that his conduct was unlawful.

Section 6.03 Actions by the Corporation. This Corporation shall indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action by or in the right of this Corporation to procure a judgment in its favor by reason of the fact that person is or was an agent of this Corporation, against expenses actually and reasonably incurred by that person in connection with the defense or settlement of that action if that person acted in good faith, in a manner that person believed to be in the best interests of this Corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

No indemnification shall be made under this Section 6.03:

(a) in respect of any claim, issue or matter as to which that person shall have been adjudged to be liable to this Corporation in the performance of that person's duty to this Corporation, unless and only to the extent that the court in which such proceeding is or was pending shall determine upon application that, in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for the expenses which the court shall determine;

(b) Of amounts paid in settling or otherwise disposing of a threatened or pending action, with or without court approval; or

(c) Of expenses incurred in defending a threatened or pending action which is settled or otherwise disposed of without court approval.

Section 6.04 Successful Defense by Agent. To the extent that an agent of this Corporation has been successful on the merits in defense of any proceeding referred to in Sections 6.02 or 6.03, or in defense of any claim, issue, or matter therein, the agent shall be indemnified against expenses actually and reasonably incurred by the agent in connection therewith.

Section 6.05 Required Approval. Except as provided in Section 6.04, any indemnification under this Article shall be made by this Corporation only if authorized in the specific case on a determination that indemnification of the

agent is proper in the circumstances because the agent has met the applicable standard of conduct set forth in Sections 6.02 or 6.03, by:

(a) A majority vote of a quorum consisting of Directors who are not parties to the proceeding;

(b) Approval by the affirmative vote of a majority of the shares of this Corporation entitled to vote represented at a duly held meeting at which a quorum is present or by the written consent of holders of a majority of the outstanding shares entitled to vote. For this purpose, the shares owned by the person to be indemnified shall not be considered outstanding or entitled to vote thereon; or

(c) The court in which the proceeding is or was pending, on application made by this Corporation or the agent or the attorney or other person rendering services in connection with the defense, whether or not such application by the agent, attorney, or other person is opposed by this Corporation.

Section 6.06 Advance of Expenses. Expenses incurred in defending any proceeding may be advanced by this Corporation before the final disposition of the proceeding on receipt of any undertaking by or on behalf of the agent to repay the amount of the advance unless it shall be determined ultimately that the agent is entitled to be indemnified as authorized in this Article.

Section 6.07 Other Contractual Rights. Nothing contained in this Article shall affect any right to indemnification to which persons other than Directors and Officers of this Corporation or any subsidiary hereof may be entitled by contract or otherwise.

Section 6.08 Limitations. No indemnification or advance shall be made under this Article, except as provided in Section 6.04 or 6.05 (c), in any circumstances where it appears:

(a) That it would be inconsistent with a provision of the articles, a resolution of the Shareholders, or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or

(b) That it would be inconsistent with any condition expressly imposed by a court in approving a settlement.

Section 6.09 Insurance. Upon and in the event of a determination by the Board of Directors of this Corporation to purchase such insurance, this Corporation shall purchase and maintain insurance on behalf of any agent of the Corporation against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such whether or not this Corporation would have the power to indemnify the agent against that liability under the provisions of this section.

Section 6.10 Fiduciaries of Corporate Employee Benefit Plan. Except as provided in this section, this Article does not apply to any proceeding against any trustee, investment manager, or other fiduciary of an employee benefit plan or trust in that person's capacity as such, even though that person may also be an agent of the Corporation as defined in Section 6.01 Upon and in the event of a determination by the Board of Directors of this Corporation to so indemnify, this Corporation shall indemnify such a trustee, investment manager, or other fiduciary to the maximum extent permitted by law. Nothing contained in this Article shall limit any right to indemnification to which such a trustee, investment manager, or other fiduciary may be entitled by contract or otherwise, which shall be enforceable to the extent permitted by applicable law other than this Article.

Upon and in the event of a determination by the Board of Directors of this Corporation to purchase such insurance, this Corporation shall purchase and maintain insurance on behalf of any trustee, investment manager, or other fiduciary of an employee benefit plan or trust in that person's capacity as such, against any liability asserted against or incurred by the trustee investment manager, or other fiduciary in such capacity or arising out of the trustee, investment advisor, or other fiduciary's status as such, whether or not this Corporation would have the power to indemnify such fiduciary against that liability under the provisions of this section.

Article VII

Records and Reports

Section 7.01 Maintenance and Inspection of Share Register. The Corporation shall keep at its principal executive office, or at the office of its transfer agent or registrar, a record of its Shareholders, giving the names and addresses of all Shareholders and the number and class of shares held by each Shareholder.

A Shareholder or Shareholders of the Corporation holding at least five percent (5%) in the aggregate of the outstanding voting shares of the Corporation may (i) inspect and copy the records of Shareholders' names and addresses and shareholdings during usual business hours on five (5) days prior written demand

on the Corporation, and (ii) obtain from the transfer agent of the Corporation, on written demand and on the tender of such transfer agent's usual charges for such list, a list of the names and addresses of Shareholders who are entitled to vote for the election of Directors, and their shareholdings, as of the most recent record date for which that list has been compiled or as of a date specified by the Shareholder after the date of demand. This list shall be made available to any such Shareholder, by the transfer agent on or before the later of five (5) days after the demand is received or the date specified in the demand as the date as of which the list is to be compiled. The record of Shareholders shall also be open to inspection on the written demand of any Shareholder or holder of a voting trust certificate at any time during usual business hours for a purpose reasonably related to the holder's interest as a Shareholder or as the holder of a voting trust certificate. Any inspection and copying under this section 7.01 may be made in person or by an agent or attorney of the Shareholder or holder of a voting trust certificate making the demand.

Section 7.02 Maintenance and Inspection of Bylaws. The Corporation shall keep at its principal executive office, or if its principal executive office is not in the State of California, at its principal business office in this state, the original or a copy of the Bylaws, as amended to date, which shall be open to inspection by the Shareholders at all reasonable times during office hours. If the principal executive office of the Corporation is outside the State of California and the Corporation has no principal business office in this state, the Secretary shall, upon the written request of any Shareholder, furnish to that Shareholder a copy of the Bylaws as amended to date.

Section 7.03 Maintenance and Inspection of other Corporate Records. The accounting books and records and minutes of proceedings of the Shareholders, the Board of Directors, and any committee or committees of the Board of Directors shall be kept at such place or places designated by the Board of Directors or, in the absence of such designation, at the principal executive office of the Corporation. The minutes shall be kept in written form, and the accounting books and records shall be kept either in written form or in any other form capable of being converted into written form. The minutes and accounting books and records shall be open to inspection upon written demand of any Shareholder or holder of a voting trust certificate at any reasonable time during usual business hours for a purpose reasonably related to the holder's interests as a Shareholder or as the holder of a voting trust certificate. The inspection may be made in person or by an agent or attorney and shall include the right to copy and make extracts. These rights of inspection shall extend to the records of each subsidiary corporation of the Corporation.

Section 7.04 Inspection by Directors. Every Director shall have the absolute right at any reasonable time to inspect all books, records, and documents of

every kind and the physical properties of the Corporation and each of its subsidiary corporations. This inspection by a Director may be made in person, or by an agent or attorney and the right of inspection includes the right to copy and make extracts of documents.

Section 7.05 Annual Reports to Shareholders. The annual report to Shareholders referred to in Section 1501 of the Corporations Code of California is expressly dispensed with so long as the Corporation has less than 100 holders of record of its shares, but nothing herein shall be interpreted as prohibiting the Board of Directors from issuing annual or other periodic reports to the Shareholders of the Corporation as they consider appropriate.

If no annual report for the last fiscal year has been sent to Shareholders, the Corporation shall, upon the written request of any Shareholder made more than 120 days after the close of such fiscal year, deliver or mail to the person making the request within 30 days thereafter the financial statements otherwise required by Section 1501 (a) of that Code for such year.

Section 7.06 Financial Statements. A copy of any annual financial statement and any income statement of the Corporation for each quarterly period of each fiscal year and any accompanying balance sheet of the Corporation as of the end of each such period that has been prepared by the Corporation shall be kept on file in the principal executive office of the Corporation for twelve (12) months, and each such statement shall be exhibited at all reasonable times to any Shareholder demanding an examination of any such statement or a copy shall be mailed to any such Shareholder.

If a Shareholder or Shareholders holding at least five percent (5%) of the outstanding shares of any class of stock of the Corporation makes a written request to the Corporation for an income statement of the Corporation for the three-month, six-month, or nine-month period of the then current fiscal year ending more than thirty (30) days before the date of the request, and a balance sheet of the Corporation as of the end of that period, the Chief Financial Officer shall cause the statement to be prepared, if not already prepared, and shall deliver personally or mail that statement or statements to the person making the request within thirty (30) days after the receipt of the request. If the Corporation has not sent to the Shareholders an annual report for the last fiscal year, financial statements of the character described in Section 1501(a) of the Corporations Code of California shall likewise be delivered or mailed to the Shareholder or Shareholders within thirty (30) days after the same have been requested.

The quarterly income statements and balance sheets referred to in this section shall be accompanied by the report, if any, of any independent accountants

engaged by the Corporation, or the certificate of an authorized Officer of the Corporation that the financial statements were prepared without audit from the books and records of the Corporation.

Section 7.07 Annual Statements of General Information. The Corporation shall, during the applicable filing period specified by statutes file with the Secretary of State of the State of California on the prescribed form a statement setting forth the authorized number of Directors, the names and complete business or residence addresses of all incumbent Directors, the names and complete business or residence addresses of the Chief Executive Officer, Secretary, and Chief Financial Officer, the street address of its principal executive office or principal business office in this state, and the general type of business constituting the principal business activity of the Corporation, together with a designation of the agent of the Corporation for the purpose of service of process, all in compliance with Section 1502 of the Corporations Code of California.

ARTICLE VIII

General Corporate Matters

Section 8.01 Record Date for Purposes other than Notice and Voting. For purposes of determining the Shareholders entitled to receive payment of any dividend or other distribution or allotment of any rights or entitled to exercise any rights in respect of any other lawful action, other than action by Shareholders by written consent without a meeting, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty (60) days before any such action, and in that case only Shareholders of record on the date so fixed are entitled to receive the dividend, distribution, or allotment of rights, or to exercise the right, as the case may be, notwithstanding any transfer of any shares on the books of the Corporation after the record date so fixed, except as otherwise provided in the California General Corporation Law as otherwise provided in the California General Corporation Law.

If the Board of Directors does not so fix a record date, the record date for determining Shareholders for any such purpose shall be at the close of business on the day on which the Board adopts the applicable resolution or the sixtieth (60th) day before the date of that action, whichever is later.

Section 8.02 Checks, Drafts, Evidences of Indebtedness. All checks, drafts, or other orders for payment of money, notes, or other evidences of indebtedness issued in the name of or payable to the Corporation shall be signed or endorsed by such person or persons and in such manner as from time to time shall be determined by resolution of the Board of Directors.

Section 8.03 Execution of Corporate Contracts and Instruments. The Board of Directors, except as otherwise provided in these Bylaws, may authorize any Officer or Officers, or agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Corporation, and this authority may be general or confined to specific instances. Unless so authorized or ratified by the Board of Directors, or unless it be within the agency power of an Officer, no Officer, agent, or employee shall have any power or authority to bind the Corporation by any contract or engagement, to pledge its credit, or to render it liable for any purpose or for any amount.

Section 8.04 Certificates for Shares. A certificate or certificates for shares of the capital stock of the Corporation shall be issued to each Shareholder when any of these shares are fully paid, and the Board of Directors may authorize the issuance of certificates or shares as partly paid provided that these certificates shall state the amount of the consideration to be paid for them and the amount paid. All certificates shall be signed in the name of the Corporation by the President or Vice President and by the Chief Financial Officer or an assistant treasurer or the Secretary or any Assistant Secretary, certifying the number of shares and the class or series of shares owned by the Shareholder. Any or all of the signatures on the certificate may be facsimile. In case any Officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed on a certificate shall have ceased to be that Officer, transfer agent, or registrar before that certificate is issued, it may be issued by the Corporation with the same effect as if that person were an Officer, transfer agent, or registrar at the date of issue.

Section 8.05 Lost Certificates. Except as provided in this section, no new certificate for shares shall be issued to replace an old certificate unless the latter is surrendered to the Corporation and canceled at the same time. The Board of Directors may, in case any share certificate or certificate for any other security is lost, stolen, or destroyed, authorize the issuance of a replacement certificate on such terms and conditions as the Board may require, including provision for indemnification of the Corporation secured by a bond or other adequate security sufficient to protect the Corporation against any claim that may be made against it, including any expense or liability on account of the alleged loss, theft, or destruction of the certificate or the issuance of the replacement certificate.

Section 8.06 Representation of Shares of other Corporations. The President, or any Vice President, or any other person authorized by resolution of the Board of Directors or by any of the foregoing designated Officers, is authorized to vote on behalf of the Corporation any and all shares of any other Corporation or corporations, foreign or domestic, standing in the name of the Corporation. The authority granted to these Officers to vote or represent on behalf of the Corporation any and all shares held by the Corporation in any other

Corporation or corporations may be exercised by any of these Officers in person or by any person authorized to do so by a proxy duly executed by these Officers.

Section 8.07 Construction and Definitions. Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the California General Corporation Law shall govern the construction of these Bylaws. Without limiting the generality of this provision, the singular number includes the plural, the plural number includes the singular, the term “person” includes both a Corporation and natural person and the use of any gender, be it masculine, feminine or neuter, shall include all the genders.

ARTICLE IX

Amendments

Section 9.01 Amendment by Shareholders. New Bylaws may be adopted or these Bylaws may be amended or repealed by the vote or written consent of holders of a majority of the outstanding shares entitled to vote; provided, however, that if the Articles of Incorporation of the Corporation set forth the number of authorized Directors of the Corporation, the authorized number of Directors may be changed only by an amendment of the Articles of Incorporation.

Section 9.02 Amendment by Directors. Subject to the rights of the Shareholders as provided in Section 9.01, Bylaws, other than a bylaw or an amendment of a bylaw changing the authorized number of Directors, may be adopted, amended, or repealed by the Board of Directors.

ARTICLE X

Water Service

Section 10.01 Right to Service. No water shall be supplied by company to any one who is not a shareholder, and all water shall be supplied at cost. Subject to the rules, regulations, bylaws and determinations of the board, each shareholder shall be entitled to receive such part of the entire water of the company that is available for distribution as the number of shares of stock held by him bears to the number of shares outstanding.

Section 10.02 Classes of Service. There shall be three classes of service determined by use, to be known respectively as “domestic” (being water treated by the company and directly delivered to shareholders through the company distribution system), “municipal” (being untreated water and delivered to shareholders who in turn treat the water for delivery of domestic, commercial and other users through their delivery systems) and “miscellaneous” (being

untreated water directly delivered to shareholders through the company distribution system for a variety of legally permissible uses, including farm irrigation, golf course watering, and rock company operations). Any share or fractional share receiving one service shall not be entitled to any of the others, except in those instances, and then only to the extent necessary, where limitations of the distribution system require otherwise to efficiently deliver the shareholder's entitlement to water. Tolls or charges may be different in the different classes, and may also differ in the same class where the cost to the company of the service is not uniform.

Section 10.03 Right-of-Way for Distributing System. The company shall have a permanent and continuing easement and right-of-way in, over, upon and across all highways and streets contiguous to the lands served for the purpose of constructing, enlarging, inspecting, maintaining, protecting, and operating its water distributing system with all pipes, hydrants, connections and meters, and the right once exercised for one or more of said purposes shall not exclude the right to exercise it at some subsequent time for other, or others, of said purposes.

The company shall also have a like easement and right-of-way upon like conditions, in, over, upon and across the premises of each shareholder for the purpose of operating its water service to such shareholder.

Each shareholder, by applying for or taking service from company confers upon company such right-of-way, and consents that company may enter upon such highways and the premises of the shareholder from time to time and any time for the purpose of exercising such rights, and that cessation of service by or to the shareholder shall not affect or impair said rights.

Each shareholder shall, upon demand of company, either before or during the continuance of service, confirm and assure such right-of-way to and in company by executing, acknowledging and delivering to company a separate instrument in form and provisions prescribed by company.

Section 10.04 Basic Area and Extended Area. As used in this Section "Basic Area" means:

(1) All lands south of 14th Street prolonged east and west;

(2) All lands bounded by Campus Avenue on the East, 24th Street prolonged east and west from Euclid Avenue on the North, Mountain Avenue on the West and 14th Street on the South; and

(3) All other lands which were supplied with water by the company before the 23rd day of February, 1932, and as to which the right of service was established before September 1, 1937, pursuant to the provisions of Section 8 Article XVII of the Bylaws of the company which section was adopted February 26, 1937.

The term “Extended Area” as used herein means all lands not included in the Basic Area.

The water shall be furnished by the company within the Extended Area unless and until

(a) The shareholder proposing to receive such service of water shall have designated in writing to the company the place where delivery of water is to be made and the number and identity of the shares of the company under which such delivery is to be made; and

(b) The board shall have determined that such service will be feasible without adversely affecting service to other shareholders then entitled to receive water; and

(c) The board shall have fixed a “connection charge” and the manner in which it shall be paid; and

(d) Such shareholder shall have paid or provided for the payment of such connection charge, in the manner fixed by the board.

The connection charge shall be determined by, or in a manner fixed from time to time by the board, and shall be based upon and represent as nearly as may be the portion, if any, of the capital investment by the company for service to the extended area which has been or will be occasioned by the service applied for. The connection charge may be based upon capital costs incurred or to be incurred directly or indirectly for or by reason or in anticipation of the service applied for, including investments for pumps and installations, pipe lines, extensions and enlargements, whether within the Extended Area or Basic Area.

Further, in the Extended Area no shareholder shall be entitled to receive water at a different place of delivery than so designated or in a greater quantity than may be furnished under the number of shares that has been so designated except upon an additional designation, determination, fixing of connection charge if any, and payment of provisions for payment thereof as above provided.

Section 10.5 Fractional Shares. No share shall hereafter be divided into any fraction other than one-quarter, and no certificate shall hereafter be issued for any fraction of a share other than one-quarter.

Section 10.06 Charges and Liens on Shares. Each charge or toll for water delivered to or for the record holder of any shares by virtue of or in respect of ownership of such shares is a lien against said shares from the time when furnished until paid. Such lien may be foreclosed in the manner which is at the time of foreclosure provided by law of the State of California for foreclosure of a pledge. Notice of the time and place appointed for the sale of any shares upon foreclosure of such lien shall be mailed to the record holder as it then appears upon the books of company, and if no address appears, then mailed to said record holder at Upland, California. No demand for payment or other notice of sale to the record holder or to any person appearing by the records of company to have an interest in said shares need be given other than as here in before provided. At any such sale or sales company may bid and purchase.

Section 10.7 No Transfer While Unpaid Liens. No transfer of the shares of company can or will be made on the books of company while any assessment, charge or toll there-against remains or is unpaid.

Section 10.08 Penalties, Interest and Collection Costs. Each shareholder shall be liable for payment of and shall pay to company, upon demand, all expenses incurred by company in collecting or enforcing payment from such shareholder of any delinquent assessment, charge, toll or other indebtedness. Included in such expenses are attorneys' fees in any proceeding for the enforcement of any lien herein provided for, or the collection of such indebtedness, whether by court action or otherwise, and all expenses of any sale.

All penalties on delinquent assessments, interest on overdue charges, tolls or other indebtedness, and expenses of collection, as above provided for, shall be added to the principal debt, and shall become and be a lien upon and against the shares and be secured thereby and enforced in the same manner and with the same effect as the principal debt.

Wherever elsewhere in these bylaws or in the share certificates the term assessment, charge, or toll shall be used, such term shall be deemed to include, in each and every instance whenever such construction is possible or permissible, all penalties, interest and collection expenses pertaining to such assessment, charge or toll, or attaching, accruing or resulting from the non-payment thereof when due.

Section 10.09 Record Holder Liable For Tolls and Charges. The record holder of any shares shall be entitled to the delivery of all water apportioned to such shares, subject to suspension or discontinuance, as herein provided and shall be personally liable for the payment of all tolls, charges, interest, costs and penalties in respect of or on account of such shares during the time the same are registered in his name on the books of company.

ARTICLE XI

Brown Act and Public Records Act

Section 11.01 Brown Act. All meetings and actions of the corporation shall be subject to, and, taken in accordance with, the Ralph M. Brown Act (Government Code, Section 54950, et. seq.)

Section 11.02 Public Records Act. Records of the corporation shall be subject to, and, made available for inspection and copying in accordance with the Public Records Act (Government Code Section 6250, et. seq.)

Section 11.03 Interpretation and Application of Bylaws. The Bylaws shall be interpreted and applied to comply with the requirements of, and otherwise be consistent with, the Brown Act and the Public Records Act.

Section 11.04 Repeal and Amendment of Inconsistent Provisions of the Bylaws. Any provision of the Bylaws that may be inconsistent with the Brown Act or the Public Records Act shall be deemed repealed if wholly inconsistent therewith or deemed amended to be consistent therewith if inconsistent to some degree or in some particular but less than wholly inconsistent therewith.

FOURTH AMENDED AND RESTATED ARTICLES OF INCORPORATION OF SAN ANTONIO WATER COMPANY

I

The name of this corporation is SAN ANTONIO WATER COMPANY.

II

The purpose of the corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business, or the practice of a profession permitted to be incorporated by the California Corporations Code.

The specific purpose of the corporation is to develop, distribute, supply, and deliver water to its shareholders for irrigation, domestic, and all other useful purposes, in proportion to the number of shares of stock held by them respectively, at actual cost, and is not organized for the private gain of any person.

III

The corporation is authorized to issue shares of stock, which shall be of one class only, and the total number of shares which may be issued is 15,000.

IV

Authority is expressly conferred upon the corporation to levy assessments upon and against all of the shares issued by the corporation; and the Board of Directors shall have power, by majority vote of its members, to levy assessments upon all the issued shares of the corporation, at such time or times, and from time to time, and in such amounts, as shall to them appear necessary or expedient; (provided, the assessment levied at any particular time shall be for the same amount against each share then issued and outstanding); and each assessment shall be a lien upon the shares assessed, from the time of the adoption of the resolution levying such assessment until paid, and each shareholder shall be personally liable to the corporation for the amount of each assessment levied against the shares, standing upon the books of the corporation in the name of such shareholder at the time of the adoption of the resolution levying such assessment, which amount may be recovered from the shareholder, by suit or personal action.

In event of non-payment of any assessment, the corporation, may, at its option, either (a) sell and/or forfeit the shares against which the assessment was levied, in the manner now, or as may be hereafter provided by the law of the State of California; or (b) by majority vote of its Board of Directors, collect the assessment by personal action and suit against the shareholder personally liable therefore.

V

The liability of the directors of the corporation for monetary damages shall be eliminated to the fullest extent permissible under California law.

VI

The corporation is authorized to provide indemnification of agents (as defined in Section 317 of the California Corporations Code) for breach of duty to the corporation and shareholders through bylaw provisions or through agreements

with the agents, or both, in excess of the indemnification otherwise permitted by Sections 317 of the California Corporations, subject to the limits on such excess indemnification set forth in Section 204 of the California Corporations Code.

VII

The corporation elects to be governed by all of the provisions of the California General Corporations Law of 1977 not otherwise applicable to this corporation under Chapter 23 thereof.