

2009

By - Laws

Oildale Mutual Water Company



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BY - LAWS

OILDALE MUTUAL WATER COMPANY

ARTICLE I

Offices

Section 1: **Principal Office.** The principal office for the transaction of business of the corporation is hereby fixed and located at 2836 McCray St., unincorporated town of Oildale, County of Kern, State of California. The Board of Directors is hereby granted full power and authority to change said principal office from one location to another in said county.

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

ARTICLE II

Meetings of Shareholders

Section 1: **Place of Meeting.** All annual and other meetings of the shareholders shall be held at the principal office of the corporation or at any other place within the County of Kern which may be designated by the Board of Directors pursuant to the authority hereinafter granted said Board.

Section 2: **Annual Meeting.** The annual meeting of shareholders shall be held on the first Monday in October of each year at the hour of 7:00 p.m.; provided, however, that should said day fall upon a legal holiday, then any such annual meeting of shareholder shall be held at the same time and place on the next day thereafter ensuing which is not a legal holiday. At such meetings, reports of the affairs of the corporation shall be considered, and any other business may be transacted which is within the powers of the shareholders.

Written notice of such meetings shall be given to each shareholder entitled to vote, either personally or by mail or other means of written communication, charges prepaid addressed to such shareholder at his/her address appearing on the books of the corporation or given by him/her to the corporation for the purpose of notice. If a shareholder gives no address, notice shall be deemed to have been given if sent by mail

or other means of communication addressed to the place where the principal office of the corporation is situated, or if published at least once in some newspaper of general circulation in the county in which said office is located. All such notices shall be sent to each shareholder entitled thereto or published at least once in some newspaper of general circulation in the County of Kern not less than fourteen (14) days before each meeting and shall specify the place, the day and the hour of such meeting and shall also state the general nature of the business to be transacted, and such other matters, if any, as may be expressly required by statute.

Section 3: **Special Meetings.** Special meetings of the shareholders for any purpose or purposes whatsoever, may be called at any time by the President or by the Board of Directors or by the Shareholders holding not less than one-fifth (1/5) of the voting power of the corporation. Written notice of such meetings shall be given to each shareholder entitled to vote, either personally or by mail or other means of written communication, charges prepaid, addressed to such shareholder at his address appearing on the books of the corporation or given by him to the corporation for the purpose of notice. If a shareholder gives no address, notice shall be deemed to have been given if sent by mail or other means of communication addressed to the place where the principal office of the corporation is situated, or if published at least once in some newspaper of general circulation in the County in which said office is located. All such notices shall be sent to each shareholder entitled thereto or published at least once in some newspaper of general circulation in the County of Kern not less than fourteen (14) days before each such meeting and shall specify the place, the day and hour of such meeting and shall also state the general nature of the business to be transacted, and such other matters, if any, as may be expressly required by statute.

Section 4: **Quorum.** The presence in person or by proxy at any meeting of the persons entitled to vote twenty percent (20%) of the voting shares of this corporation shall constitute a quorum for the transaction of business. The shareholders present may continue to do business. The shareholders present may continue to do business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum.

Section 5: **Voting.** Subject to the provisions of Sections 2218 through 2224, inclusive of the Corporations Code of California, only persons in whose names shares entitled to vote stand on the stock records of the corporations on the day thirty (30) days prior to any meeting of shareholders shall be entitled to vote at such meeting. Such vote may be viva voce or by ballot; provided, however, that all elections for Directors must be by ballot upon demand made by the shareholder at any election and before the voting begins. The candidates receiving the highest number of votes up to the number of Directors to be elected shall be elected.

Section 6: **Proxies.** Every person entitled to vote at any shareholders meeting shall have the right to do so either in person or by one or more agents authorized by a written proxy executed by such person or his duly authorized agent and filed with the Secretary of the corporation not less than seven (7) days prior to any such meeting. Any proxy duly executed and filed shall remain in full force and effect during the time stated therein and if no time is stated therein, then for a period of eleven (11) months from the date of filing unless revoked by an instrument in writing or by a duly executed and filed proxy bearing a later date.

Section 7: **Inspectors of Election.** In advance of any meeting of shareholders the Board of Directors may appoint any persons, other than nominees for office, as Inspectors of Election to act at such meeting or any adjournment thereof. If Inspectors of Election be not so appointed, the chairman of any such meeting may, and on request of any shareholder or his proxy shall, make such appointment at the meeting. The number of inspectors shall be either one (1) or three (3). If appointed at a meeting on the request of one or more shareholders or proxies the majority of shares present shall determine whether one or three inspectors are to be appointed. In case any person appointed as an inspector fails to appear or fails or refuses to act, the vacancy may be filled by appointment by the Board of Directors in advance of the meeting, or at the meeting by the chairman.

ARTICLE III

Directors

Section 1: **Powers.** Subject to limitations of the Articles of Incorporation, of the By-Laws, and California general corporation laws as to action which shall be authorized or approved by the shareholders and subject to the duties of the Directors as prescribed by the By-Laws, all corporate powers shall be exercised by or under the authority of, and the business and affairs of the corporation shall be conducted by the Board of Directors. Without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the Directors shall have the following powers, to wit:

(a) To select and remove all officers, agents and employees of the corporation, not elected by the shareholders, to prescribe such powers and duties for them as may not be inconsistent with law, with the Articles of Incorporation or by the By-Laws, to fix their compensation, and require from them security for faithful service.

(b) To conduct, manage and control the affairs and business of the corporation and to make such rules and regulations therefore not consistent with law, or with the Articles of Incorporation or By-Laws, as they may deem best.

(c) To call special meetings of the shareholders when they deem it necessary. They shall call a meeting at any time upon written request of twenty percent (20%) of the shareholders.

(d) To incur indebtedness in any amount not to exceed twenty-five percent (25%) of the capitalization of the corporation without approval of the shareholders at the annual or duly called special meeting. The terms and amounts of indebtedness shall be authorized by the Board of Directors and entered in the minutes of the Board, and the note, mortgages or obligations given for the same shall be signed officially by the President and Secretary-Treasurer in accordance with such authorization, and shall be binding upon the corporation.

(e) To change the principal place of office for the transaction of the business of the corporation from one location to another within the same county; to fix and locate from time to time one or more subsidiary offices of the corporation within the County of Kern; to designate any place within the County of Kern for the holding of any shareholders meetings including annual meetings; and to adopt, make and use a corporate seal, and to prescribe the forms of certificate of stock, to alter the form of said seal and such certificates from time to time, as in their judgment they may deem best, provided such seal and certificate shall at all times comply with the provisions of law.

Section 2: **Number and Qualification of Directors.** The authorized number of Directors shall be five (5) until changes by an amendment of the Articles of Incorporation or by a By-Law duly adopted by the shareholders amending this section. Each Director shall be a shareholder of the corporation.

Section 3: **Election and Term of Office.** The Directors shall be elected at each annual meeting of shareholders, but, if any such annual meeting is not held or the Directors are not elected thereat, the Directors may be elected at any special meeting of shareholders held for that purpose. All Directors shall hold office until their respective successors are elected.

Section 4: **Vacancies.** The 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, and each Director so elected shall hold office for the duration of the unexpired term to which he is appointed and until his successor is elected at an annual or special meeting of shareholders.

Section 5: **Nomination for Election.** To become a candidate for election to the office of Director at the annual shareholders' meeting a shareholder must file "nomination papers" with such annual meeting. The nomination papers must be signed by the candidate and shall be substantially in the following form:

I, _____, do hereby declare myself a candidate for Director of the Oildale Mutual Water Company and hereby request that my name be placed on the ballot for election at the annual shareholders' meeting.

SIGNATURE

ADDRESS

DATE

The filing of nomination papers in substantially the form above presented shall constitute a demand for vote by ballot at such annual election and a written ballot shall be prepared by the Board of Directors containing the printed names of those candidates for whom nomination papers are duly filed with spaces thereon for the names of candidates to be written in who may be nominated from the floor. Nothing herein contained shall prevent nominations for the office of Director to be made from the floor, but such candidates' names must be written in on the ballot by the voter rather than printed thereon. This nomination procedure shall apply only to the annual meetings of shareholders.

Section 6: **Organization Meeting.** Immediately following each annual meeting of shareholders the Board of Directors shall hold a regular meeting for the purpose of organization, election of officers, and the transaction of other business. Call and notice of such meetings are hereby dispensed with. At the first regular meeting of the Board of Directors following the election of Directors, the Directors shall elect and/or appoint the officers for the ensuing year.

Section 7: **Directors Fees.** Director's fee shall be fixed at each annual meeting.

Section 8: **Place of Meeting.** Regular meetings of the Board of Directors shall be held at any place within the County of Kern which has been designated from time to time by resolution of the Board or by written consent of all members of the Board of Directors. In the absence of such designation, the meeting shall be held at the principal office of the corporation. Special meetings of the Board may be held either at the place so designated or at the principal office.

Section 9: **Regular Meetings.** The regular meetings of the Board of Directors shall be held without call as set by the Board of Directors at a regularly held meeting of the Board. Should said date fall upon a legal holiday, then said meeting shall be held at the same time on the next day thereafter ensuing which is not a legal holiday. Notice of all such meetings of the Board of Directors is hereby dispensed with. The agenda shall be published twenty-four (24) hours prior to the regular monthly meetings. A person desiring time on the agenda must file a written request for same with the Secretary of the Corporation prior to the close of business two days prior to the regular monthly meeting.

Section 10: **Special Meetings.** Special meetings of the Board of Directors for any purpose or purposes shall be called at any time by the President, or if he is absent or unable or refuses to act, by the Vice-President or by any two Directors. Written notice of the time and place of special meeting shall be delivered personally to each Director or sent to each Director by mail or by other form of written communication, charges prepaid, addressed to him at his address as it is shown upon the records of the corporation or if it is not so shown on said records or is not readily ascertainable, at the place in which the meetings of the Directors are regularly held. In case such notice is mailed or telegraphed, it shall be deposited in the United States mail or delivered to the telegraph company in the place where said principal office is located at least seventy-two (72) hours prior to the time of the holding of the meeting. In case such notice is delivered as provided above, it shall be so delivered at least thirty-six (36) hours prior to the time of the holding of the meeting. Such mailing, telegraphing or delivery as above shall be due, legal and personal notice to such Director.

Section 11: **Quorum.** A majority of the authorized number of Directors shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereinafter provided. Every act or decision done or made by the majority of the Directors present at a meeting duly held at which quorum is present shall be regarded as the act of the board of Directors, unless a greater number be required by law or by the Articles of Incorporation.

Section 12: **Adjournment.** A quorum of the Directors may adjourn any Directors meeting to meet again at a stated day and hour; provided, however, that in the absence of a quorum, the majority of the Directors present at any Directors meeting, either regular and/or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board.

Section 13: **Indemnification of Directors and Officers.** Each Director and Officer, whether or not then in office, shall be indemnified by the corporation against all liabilities, costs and expenses reasonably incurred by or imposed upon him in connection

with or arising out of any action, suit or proceeding in which he may be Involved or to which he may be involved or made a party by reason of his having been made a Director of officer of the corporation, such expenses to include the costs of reasonable settlement made with a view to curtailment of costs of litigation; the corporation shall not, however, indemnify such Director or officer with respect to matters as to which he shall be finally adjudged in any such action, suit or proceeding to have been derelict in the performance of his duties as such Director or officer, or in respect of any matter on which any settlement or compromise is effected, if the total expense, including the cost of such settlement shall substantially exceed the expense which might reasonably be incurred by such Director or officer conducting such litigation to a final conclusion; and in no event shall anything herein contained be so construed as to authorize the corporation to indemnify any such Director or officer against any liability or expense by reason of any act known by such Director or officer at the time of doing it to be unlawful, nor against any liability or expense by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his office. The foregoing right of indemnification shall not be exclusive of other rights to which any Director or officer may be entitled as a matter of law.

Section 14: Limitation of Powers.

(a) Neither the Board of Directors nor any officer of this corporation shall have any power or authority to engage in any business on behalf of the corporation save and excepting only the development of water for the use of its shareholders, the operation, maintenance, repair and renewal of the domestic water system to be acquired by this corporation and the distributing, supplying and the delivering of water for municipal and industrial uses, from the wells and other sources of this corporation by and through said system, to the owners of its capital stock and to no other persons, except such governmental agencies as are permitted to receive the same by law and the entire business carried on by this corporation shall be for the mutual benefit of its shareholders. Any contract or agreement made or entered into by said Board of Officers of this corporation other than for the purpose of carrying on the business of this By-Law authorized shall be void.

(b) This corporation may service a non-shareholder private entity on an emergency basis at the discretion of the Board of Directors. (See Article IX, Section 1, (j).)

(c) No Director or member of the Director's immediate family may be employed by the corporation during the Director's term in office.

Section 15: **Miscellaneous Duties.** It shall be the duty of the Directors:

(a) To cause to be kept a complete record of all their minutes and acts, and of the proceedings of the shareholders, and present a statement of condition at the annual meeting of the shareholders, showing in detail the assets and liabilities of the corporation and result of operations. Such statement to be prepared by a Public Accountant or a Certified Public Accountant as a result of an audit of the books and records of the corporation.

(b) To issue or cause to be issued at any time, and from time to time, certificates of stock, in accordance with the laws of the State of California.

ARTICLE IV

Officers

Section 1: **Officers.** The officers of the corporation shall be a President and Vice-President, which officers shall be elected and hold office at the pleasure of the Board of Directors, and a Secretary-Treasurer, and an Assistant Secretary-Treasurer, appointed at the pleasure of the Board, which appointive office may be combined in one person at the pleasure of the Board of Directors.

Section 2: **Term of Office.** Following their election or appointment each year, each officer of the corporation shall hold his office until he shall resign or until he shall be removed or otherwise disqualified to service or his successor shall be elected and qualified.

Section 3: **Removal and Resignation.** Any officer may be removed, either with or without cause, by majority of the Directors at the time in office, 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 Board of Directors or to the President, or to the Secretary of the Corporation. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; and unless otherwise specified therein, the acceptance of said resignation shall not be necessary to make it effective.

Section 4: **Vacancies.** A vacancy in any office, because of death, resignation, removal, disqualification or any other cause, shall be filled in the manner prescribed in the By-Laws for regular appointments of such office.

Section 5: **President.** The President shall be the chief executive officer of the corporation and shall, subject to control of the Board of Directors, have general supervision, direction and control of the business and officers of the corporation. He shall preside at all meetings of the shareholders, and of the Board of Directors, and shall have the deciding vote. He shall be ex-officio a member of all committees, and shall have the general powers and duties of management usually vested in the office of the President of a corporation, and shall have such other powers and duties as may be prescribed by the Board of Directors or by the By-Laws. He shall also have the authority to:

(a) Sign as President, all certificates of stock, and all contracts and other instruments of writing which have been first approved by the Board of Directors, and shall have the authority to sign all checks drawn upon the corporation.

(b) Call the Directors together whenever he deems it necessary, and shall, subject to the control of the Directors, have direction of the affairs of the corporation, and generally shall discharge such other duties as may be required of him by the By-Laws of the corporation.

(c) The President or any two of the Directors, may call a special meeting of the Directors at any time, and notices hereinbefore prescribed shall be given of such meetings.

Section 6: **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 all the restrictions upon the President. The Vice-President shall have such other powers and perform such other duties as from time to time may be prescribed for him respectively by the Board of Directors or the By-Laws.

Section 7: **Secretary-Treasurer.** The Board of Directors shall appoint a Secretary-Treasurer at their first regular meeting of each year, and it shall be the duty of the Secretary-Treasurer to:

(a) To keep a record of the proceedings of the Board of Directors and the shareholders.

(b) To keep the corporate seal of the corporation and a book of blank certificates of stock, to fill in and countersign all certificates of stock issues, to make the corresponding entries in the margin of such book upon issuance, and he shall affix the corporate seal upon all papers requiring the seal.

(c) Keep a proper transfer book and a stock ledger in debit and credit form showing the number of shares issued to and transferred by any shareholder, and the dates of such issuance and transfer, including the names and addresses of all shareholders.

(d) Keep proper account books, countersign all checks drawn upon the corporation, and discharge such other duties as pertain to his office and as prescribed by the Board of Directors.

(e) Serve all notices required by law and the By-Laws of the corporation, and in case of his absence, inability, refusal or neglect to act, then such notices may be served by any person thereunto directed by the President or Vice-President of the corporation.

(f) Deposit all monies and other valuables in the name and to the credit of the corporation with such depositories 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, an account of all his transactions as Treasurer and of the financial condition of the corporation, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or the By-Laws. No funds of the corporation shall be dispensed except by check countersigned by any two of the following 1. President; 2. Vice-President; 3. Secretary-Treasurer; 4. Assistant Secretary-Treasurer.

(g) Keep all books, records and such papers as may be placed on file by the vote of the shareholders or Directors at the principal office of the corporation or at such other place as the Board of Directors may order, and said books, papers, and files shall at all times during business hours be subject to inspection of the Board of Directors and of any shareholder.

Section 8: Assistant Secretary-Treasurer. The Board of Directors shall appoint an Assistant Secretary-Treasurer at their first meeting of the year. In the absent or disability of the Secretary-Treasurer, the Assistant Secretary-Treasurer shall perform all the duties of the Secretary-Treasurer, and when so acting, shall have all the powers of, and be subject to all the restrictions upon the Secretary-Treasurer. The Assistant Secretary-Treasurer shall have such other powers and perform such other duties as from

time to time may be prescribed for him respectively by the Board of Directors or the By-Laws.

Section 9: **Compensation.** Except as provided in Article III, Section 7, no officer shall be entitled to compensation for his services as an officer of the corporation.

ARTICLE V

CAPITAL STOCK

Section 1: **Issuance.** No shares of stock of this corporation shall be issued, nor shall certificates for lands be transferred to any persons other than an owner of lands included in or a part of the following described tract of land, to wit:

All of Sections 3, 4, 5, 6, 7, 8 and 18, in Township 29S, Range 28E, M.D.B. & M. Sections 27, 28, 29, 30, 31, 32, 33, and 34, Township 28S, Range 28E, M.D.B. & M. Sections 1, 2, 3, 4, 10, 11, 12, 13, and 14, 15 and 22, Township 29S, Range 27E, M.D.B. & M. Sections 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, and 36, Township 28S, Range 27E, M.D.B. & M. Sections 14, 22, 23, 24, 25, 26, 27, 34, 35 and 36, Township 28S, Range 26E, M.D.B. & M.

Said shares of stock shall be issued on the basis of one share of stock for each front foot or fraction thereof, provided that where the frontage has a depth in excess of 150 feet, additional shares of stock shall be purchased by the owner of said frontage at the rate of 1 1/3 cents for each square foot or fraction thereof in excess of 150 feet in depth.

Frontage and depth shall be determined by reference to the map or plat filed for record in the County Recorder's Office.

All shares of stock shall be appurtenant to the land described in the certificate issued therefore, and shall only be transferred with said land, and shall pass as an appurtenance thereto. No fractional shares shall be issued.

Section 2: **Certificates.** Certificates of stock shall be of such form and device as the Board of Directors may order, and each certificate shall be signed by the President and countersigned by the Secretary-Treasurer, and have impressed thereon the corporate seal of the corporation, and express on its face its number, date of issuance, the number of shares and the person to which it is issued, and the lands to which said shares are appurtenant shall be described therein, or endorsed thereon, and a recital shall be included therein, or endorsed therein, that such shares are appurtenant to the lands therein described.

Section 3: **Rejection.** The Board of Directors may reject any application for stock where the issuance of said stock will subject the company to an expense for labor and material in an amount greater than the price of said stock.

Section 4: **Tolls, Charges and Assessments.** Tolls, charges and/or assessments may be fixed, determined, levied or assessed, at any time and from time to time, by the board of Directors of the corporation, on the shares outstanding, to pay all costs and expenses incurred by the Company in the development of a water supply for the use and benefit of its shareholders, the operation, maintenance, repair, improvement, expansion and renewal of the water system or systems owned by the corporation, and for storage, transmission, distribution and delivery of water to or for the benefit of shareholders.

Section 5: **Enforcement of Assessments.** Any tolls, charges and/or assessments so made may be enforced by suit in the name of the corporation against delinquent shareholders, and, at the option of the Board of Directors, water may be shut off and withheld from any lands appurtenant to a delinquent share certificate until the delinquency, including penalties and interest, has been paid in full. If any shares of the corporation become delinquent they may be forfeited to the corporation by action of the board of Directors as provided in California Corporations Code Section 14303.

Section 6: **Transfers.** No transfer of stock shall be valid until the surrender of the certificate and the entry of such transfer on books of the corporation. Whenever shares of stock are transferred, the party to whom the same shall be so transferred must produce his/her deed to the property upon which said shares are appurtenant, to the Secretary of the corporation and present such proof as may be required by the Board of Directors, that he/she is the owner of the lands described in such certificate before such transfer shall be entered upon the books of the corporation.

ARTICLE VI

Seal

The corporation shall have a corporate seal consisting of a circle, having on its circumference the words, "OILDALE MUTUAL WATER COMPANY," and the date of its incorporation.

ARTICLE VII

Manager

Section 1: **Manager's Duties.** A manager shall be appointed by the Board of Directors, and shall be removable at their pleasure. It shall be his duties:

(a) To take charge of all the operating property of said corporation, and to control all labor, and distribution of water but at all times subject to the control of the President and Board of Directors, and to the rules and regulations herein contained.

(b) He shall be responsible to the corporation for all such property and shall make reports at the regular Board of Directors meeting monthly of all persons hired or employed by him, and a statement of all expenditures in the carrying out of his duties in the operation and maintenance of the system of the corporation under his care, together with a statement of the condition of the whole property.

(c) He shall make requisition of the board of Directors for all necessary supplies whose cost exceeds that amount which is set by the Board at its annual meeting.

(d) He shall perform any and all duties required by the President or the board of Directors.

Section 2: **Compensation.** The manager shall be compensated for his services in an amount which is commensurate with his responsibilities as well as with his skills, abilities and experience. Said amount shall not exceed amounts which other similarly-situated water suppliers and distributors pay to their employees in positions of general manager or the like.

ARTICLE VIII

Compensation of Employees

The compensation to be paid employees of the corporation, excluding the general manager, shall be amounts which are commensurate with each employee's responsibilities, skills and experience. Said amounts shall not exceed amounts which other similarly situated employees in like industries are paid.

ARTICLE IX

Section 1: **Rules and Regulations**

(a) Water produced or purchased by the corporation shall be deemed to be the amount of water which the pumping plants of the corporation in operation deliver continuously at the surface and into the pipeline or conduits of the corporation for actual use of the shareholders.

(b) Water may be accumulated or stored for the benefit of shareholders, and to facilitate distribution.

(c) Water shall be charged at the rate fixed by the Board of Directors from time to time. The Board may make special rates for water for different purposes for which it may be used.

(d) The Board of Directors will maintain a rate structure which will result in the accumulation and maintenance of a fund for the repair and replacement of the water supply, distribution and fire protection system. The rate charged must bear a reasonable relationship to the cost of furnishing water.

(e) If the corporation purchases water from a public utility, municipal water company or water district which is thereafter supplied to another entity providing fire protection services, all shareholders shall be charged a pro-rata amount of the cost of said water.

(f) All water furnished by the company to its shareholders shall be used exclusively on the land described in the Certificate of Stock appurtenant to said land; provided, where the stock is not fully paid, only such frontage shall be entitled to service as equals the amount paid on said stock. Any violation may result in discontinuance of service until stock is purchased on all areas found to be utilizing company water.

(g) All water bills shall be paid promptly upon receipt of billing by the shareholders and delinquency in payment of said bills for a period of seventy (70) days or more will result in discontinuance of service by the Company until payment in full of all delinquencies plus penalties, as set forth by the Board for delinquent accounts, is made. Water service shall not be made available to a subsequent purchaser of land to which a share certificate is appurtenant until any amounts owing to Company applicable to said share certificate, including delinquencies and penalties, have been paid in full.

(h) The shareholders shall assume full responsibility for the payment of all bills for water service furnished by the Company, on the land described in the Certificate of Stock appurtenant to said land, to the tenants, assigns, lessees of the shareholders or former shareholders of said land.

(l) Whereas the water delivered by the company is for the benefit of all stockholders, any shareholder whose use or method of use results in a waste of water in the judgment of the company, shall, at the discretion of the Board of Directors, be assessed penalties, require the installation of a meter and/or have service terminated until such time that the shareholder can make reasonable assurances to the company that the delivered water shall not be wasted.

(j) The company shall have the authority to provide temporary emergency services to non-stockholders. Such temporary emergency services will be provided to non-stockholders in the case of health and safety problems faced due to loss of water supply. Receivers of said emergency services shall pay a rate no less than the rate charged to stockholders receiving similar services, along with any additional expenses incurred by the Company in providing those services.

(k) Any violation of these By-Laws by a shareholder shall subject said shareholder to a discontinuance of service by the Company until such shareholder shall pay to the Company a sum not to exceed Five Hundred (\$500.00) Dollars for such violation; provided the Board of Directors may in its discretion waive all or any part of such payment.

Section 2: **Grant of Ingress and Egress to Shareholders Land.**

(a) Each shareholder expressly grants to the corporation the right of ingress and egress upon such shareholder's appurtenant property for the purpose of connecting and, where necessary, cutting of the corporation's main line stops to or from the curb stop on such shareholder's property, and further for the maintenance and service of the corporation's lines and stops whenever and wherever necessary.

(b) Each shareholder expressly grants to the corporation and/or its assigned agents the right of ingress and egress upon such shareholder's property, for the purpose of administering regulations relating to cross-connections as stated in California Administrative Code, Title 17, Sections 7583 through 7606, inclusive.

(c) Each shareholder expressly grants to the corporation the right of ingress and egress upon such shareholder's property for the purpose of determining compliance with the Company's rules and regulations.

Section 3: **Assignment of Water Rights.** By applying for and receiving water service from the Company, each shareholder expressly grants, assigns and conveys to the Company any and all water rights, however claimed or held, available for or pertaining to the lands to which the Company's share certificate is appurtenant, including without limitation any right to extract water from the groundwater basin for use on said lands.

ARTICLE X

Records and Reports

Section 1: **Maintenance of Corporate Records.** The corporation shall keep:

- (a) Adequate and correct books and records of account;
- (b) Minutes in written form of the proceedings of its shareholders and its Board of Directors;
- (c) A record of its shareholders, giving their names and addresses.

All such records shall be kept at the corporation's principal office.

Section 2: **Shareholder's Inspection Rights.**

(a) (i) Any shareholder of the corporation may inspect and copy the records of shareholders' names and addresses and voting rights during usual business hours on five (5) days' prior written demand on the corporation, stating the purpose for which the inspection rights are requested, or

(ii) Obtain from the secretary of the corporation, on written demand and on the tender of the secretary's usual charges for such a list, if any, a list of names and addresses of shareholders who are entitled to vote for the election of Directors, and their voting rights, 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. The demand shall state the purpose for which the list is requested. This list shall be made available to any such shareholder by the secretary on or before the latter of ten (10) days after the demand is received or the date specified in it as the date by which the list is to be compiled.

(b) Any shareholder may inspect the accounting books and records and minutes of the proceedings of the shareholders and the Board, at any reasonable time, for a purpose reasonably related to such person's interest as a shareholder.

(c) Any inspection and copying under this section may be made in person or by an agent or attorney of the shareholder and the right of inspection includes the right to copy and make extracts.

Section 3: **Maintenance and Inspection of Articles and By-Laws.** The corporation shall keep at its principal executive office the original or a copy of the Articles and By-Laws as amended to date, which shall be open to inspection by the shareholders at all reasonable times during office hours.

Section 4: **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. 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 5: **Annual Report to Shareholders.** Not later than 105 days after the close of the corporation's fiscal year, the board shall cause an annual report to be sent to the shareholders. Such report shall contain the following information in reasonable detail:

- (a) The assets and liabilities of the corporation as of the end of the fiscal year.
- (b) The principal changes in assets and liabilities, during the fiscal year.
- (c) The revenue or receipts of the corporation, both unrestricted and restricted to particular purposes, for the fiscal year.
- (d) The expenses or disbursements of the corporation for both general and restricted purposes during the fiscal year.

ARTICLE XI

Amendment of By-Laws

These By-Laws, or any of them, except as herein provided, may be repealed or amended, or new or additional By-Laws may be adopted, by the Board of Directors and full power and authority is hereby delegated to the Board of Directors from time to time to repeal and amend said By-Laws, and to adopt new or additional By-Laws. Provided, however, that the By-Laws relating to the manner of election and Board of Directors fees,

and the date of the annual meeting shall only be amended by vote of the shareholders at any annual or special meeting called for such purpose. The powers hereby delegated to the Board of Directors may be revoked by a vote of the majority of the shareholders of the corporation.

C E R T I F I C A T E

The undersigned, President of the OILDALE MUTUAL WATER COMPANY, a California corporation, hereby certifies that these By-Laws of said corporation were amended to read as heretofore set out and were duly and regularly adopted on February 19, 2009 by the affirmative vote of a majority of the Directors present at a Directors' meeting duly and regularly held, and said adopted By-Laws are now in full force and effect.

DATED: February 19, 2009

William H. Purkiser, President

Attest: _____
Douglas Nunneley, Secretary

BY-LAW AMENDMENT DATED DECEMBER 16, 2010

Article IV Section 7:

(d) Keep proper account books, and discharge such other duties as pertain to his office and as prescribed by the Board of Directors.

(f) Deposit all monies and other valuables in the name and to the credit of the Corporation with such depositories 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, an account of all his transactions as Treasurer and of the financial condition of the corporation, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or the By-Laws. Funds of the corporation dispensed by check shall be countersigned by any two of the following 1. President; 2. Vice-President; 3. Secretary-Treasurer; 4. Assistant Secretary-Treasurer.

