

**BYLAWS  
OF  
LAKE MORENA VIEWS MUTUAL WATER COMPANY, INC.**

**ARTICLE I.  
DIRECTORS AND MANAGEMENT**

**Section 1. Powers.**

Subject to the Corporations Law of California, and any limitation in the Articles of Incorporation or the Bylaws relating to actions requiring shareholder approval of the business and affairs of this Company shall be managed by, and all corporate powers shall be exercised by, or under the direction of the board.

Each director shall exercise such powers and otherwise perform such duties in good faith, in the manner such director believes to be in the best interests of the Company and its shareholders, and with such care including reasonable inquiry, using ordinary prudence, as a person in a like position would use under similar circumstances.

In performing the duties of a director, a director shall be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in which case prepared or presented by:

- a) One or more officers or employees of the Company whom the director believes to be reliable and competent in the matters presented;
- b) Counsel, independent accountants or other persons as to matters which the director believes to be within such person's professional or expert competence; or
- c) A committee of the board upon which the director does not serve, as to matters within its designated authority, which committee the director believes to merit confidence, so long as in any such case, the director acts in good faith, after reasonable inquiry when the need therefor is indicated by the circumstances and without knowledge that would cause such reliance to be unwarranted.

**Section 2. Number and Qualification.**

The authorized number of directors is three. This number may be changed by amendment to the Articles of Incorporation or by amendment of these Bylaws, adopted by the vote or written consent of the shareholders entitled to exercise majority voting power.

**Section 3. Quorum.**

A majority of the number of directors, as fixed by the Bylaws, 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 a majority of the directors present at a meeting duly held, at which a quorum is present, shall be regarded as the act of the board of directors. The President of the Company shall only vote at a special or annual meeting of the board of directors, or in the event there is a tie vote of the directors then present.

**Section 4. Election and Term of Office.**

Directors shall be elected at each annual meeting of the shareholders and hold office until the next annual meeting. Each director, including a director elected to fill a vacancy, shall hold office until expiration of the term for which elected and until a successor has been elected and qualified.

**Section 5. Vacancies.**

A vacancy in the board shall exist in the event of the death, resignation, or removal of a director, or if the shareholders fail to elect the full number of authorized directors.

Vacancies may be filled by a majority of the remaining directors, although less than a quorum, or by a sole remaining director, except that a vacancy created by the removal of a director may be filled only by the shareholders, by either vote of the majority of the shares entitled to vote represented at a duly held meeting at which a quorum is present, or by the written consent of holders of all of the outstanding shares entitled to vote. Each director so elected shall hold office until the next annual meeting of the shareholders and until a successor has been elected and qualified.

The shareholders may elect a director or directors to fill vacancies not filled by the directors. If made by written consent, such election shall, except as provided above with respect to vacancies caused by the removal of a director, require consent of only a majority of the outstanding shares entitled to vote.

A director may resign effective upon giving written notice to the President, the Secretary, or the board, 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 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 the director's term of office expires.

**Section 6. Removal.**

The entire board or any individual director may be removed from office as provided by the Corporations Code. In such a case, the remaining directors may elect a successor director to fill

such vacancy for the removed director's remaining unexpired term. No director may be removed (unless the entire board is removed) when the votes cast against removal or not consenting in writing to such removal would be sufficient to elect such director if voted cumulatively at an election at which the same total number of votes were cast (or, if such action is taken by written consent, all shares entitled to vote were voted) and the entire number of directors authorized at the time of the directors' most recent election were then being elected; and when by the provisions of Articles the holders of the shares of any class or series voting as a class or series are entitled to elect one or more directors, a director so elected may be removed only by the applicable vote of the holders of the shares of that class or series. Directors absent without reasonable excuse from three (3) consecutive meetings shall be removed, automatically.

**Section 7. Place of Meetings.**

Regular meetings of the board shall be held at any place within or without the State designated from time to time by board resolution. Absent such resolution, regular meetings shall be held at the Company's principal executive office. Special meetings shall be held at any place within or without the State designated in the notice of the meeting or, if not stated in the notice or there is no notice, at the Company's principal executive office.

A board meeting may be held by conference telephone, or video communication, and participation in such meeting shall constitute presence at such meeting, if directors participating in such meeting can hear one another.

A board meeting may be held by electronic mail or other electronic transmission, and participation in such meeting shall constitute presence at such meeting, if (i) each director participating in the meeting can communicate with the others concurrently; (ii) each director is provided with the means of participating in all matters before the board, including the capacity to propose or object to a specific action proposed to be taken by the Company.

**Section 8. Meetings.**

Immediately following each annual meeting of shareholders, the board shall hold an annual meeting for the purpose of organization, the election of officers and the transaction of other business.

Regular meetings of the board shall be held on the fifth day of each month at the hour of nine o'clock a.m., provided the time and frequency of regular meetings may be changed by resolution. Notice of a change in the time for a regular meeting shall be given to each director in the same manner as notice for special meetings. If a regular meeting falls upon a holiday, the meeting shall be held on the next succeeding day other than Saturday or Sunday.

Eligible persons shall be given notice of the time and place of a meeting, except for an emergency meeting, at least four days prior to the meeting. "Eligible person" means (1) a shareholder, (2) occupant pursuant to lease of space receiving drinking water from the Company, (3) an elected city or county official who represent people receiving drinking water from the

company on a retail basis, or (4) a person eligible under the Articles or Bylaws to attend meetings.

Notice shall be given by posting the notice in a prominent, publicly accessible place or places within the territory served by the Company and by mail to any eligible person who had requested notification of board meetings by mail, at the address requested by the eligible person. Eligible persons requesting notice by mail shall pay the costs of reproduction and mailing of the notice in advance. Notice may also be given by mail, by delivery of the notice to each unit served by the Company, or, with the consent of the eligible person, by electronic means. The notice shall contain the agenda for the meeting.

Special meetings may be called at any time by the President, Vice President, Secretary, or two directors. Notice of the time and place for special meetings and the agenda shall be delivered to each director personally or by telephone (including a voice messaging system), facsimile, electronic mail or other electronic means, or be sent by first class mail addressed to each director at address shown in the records of the Company. If such 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. If such notice is delivered personally or by telephone, facsimile, electronic mail or other electronic means, it shall be so delivered 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 to either the director or a person at the office of the director whom the person giving the notice has reason to believe will promptly communicate it to the director. The notice need not specify the place, if the meeting is to be held at the principal executive office of the Company. However, the President or two directors may call a meeting without such notice to deal with reasonably unforeseen circumstances requiring immediate attention and possible action by the board.

#### **Section 9. Attendance at Meetings.**

The board shall only act at a properly noticed meeting. A "meeting" is any gathering at which a majority of directors consider Company business. Notwithstanding the foregoing, the board may act through a series of electronic transmission in an emergency if all directors' consent and the consents are made part of the minutes for the meeting. Directors may attend a meeting by teleconferencing if the notice of meeting states at least one physical location where a director or director's representative is present.

Eligible persons may attend board meetings, including teleconferenced meetings, but excepting executive sessions, if the eligible person gives the board at least 24 hours' notice of intent to attend the meeting.

The board shall only meet in executive session during a meeting. The board may meet in executive session to discuss pending or potential litigation, formation of contracts with third parties, acquisition of real property including water rights, shareholder discipline, personnel matters, or to meet with a shareholder regarding payment of the shareholder's assessments. The board shall meet in executive session if requested by a member or shareholder who may be subject to a fine, penalty, or other form of discipline, and the member shall be entitled to attend the executive session.

**Section 10. Matters to be Acted Upon.**

The board shall consider only those matters appearing on the agenda unless by majority vote the board decides to add a matter to the agenda because of an emergency or by 2/3 vote the board decides the matter should be added because the need to take action has arisen subsequent to the posting of the agenda. If less than 2/3 of the board is present, a unanimous vote is required to add a matter because the need to take action has arisen subsequent to the posting of the agenda. The board may also act on a matter continued from a meeting that occurred not more than 30 days earlier. The board and staff may respond briefly to inquiries on matters not on the agenda.

The board shall permit any eligible person to speak at any meeting, except for any portion of a meeting that is held in executive session outside the presence of eligible persons. A reasonable time limit for all eligible persons to speak to the board shall be established by the board of directors.

**Section 11. Minutes.**

Minutes shall be prepared for meetings but the minutes for executive sessions shall only generally note the subject matter. Minutes, including draft minutes awaiting board approval, shall be available for inspection by an eligible person 30 days after the meeting. That person shall pay the reasonable cost of providing notices and minutes to an eligible person.

**Section 12. Adjournment.**

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

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

**Section 13. Acting by Unanimous Written Consent.**

Any action required or permitted to be taken by the board may be taken without a meeting if all the then-serving directors individually or collectively execute a written consent or consents authorizing such action and if the number of then-serving directors constitute a quorum of the board. (But directors constituting less than a quorum may act by written consent to fill vacancies on the board as provided in section 4 of Article I of these Bylaws.)

An action may be taken by written consent notwithstanding that a director (or more than one director) abstains in writing on the ground that the action involves a transaction with either (i) the abstaining director, (ii) a Company, firm or association in which the abstaining director has a material financial interest, or (iii) a Company in which the abstaining director is also a director. In any such circumstances involving an abstaining director (or more than one abstaining director), an action may be taken by the written consent of the remaining directors so long as (i) the material facts of the transaction and the abstaining director's interest are fully disclosed in

writing to the remaining directors before they execute the consent, and (ii) all the remaining directors approve the action and their approval is sufficient to approve the transaction without counting the abstaining director. The disclosure so made shall be included prominently in the consent executed by the remaining directors.

Any written consent taken in lieu of a meeting shall be filed with the regular minutes of the board.

**Section 14. Fees and Compensation.**

Directors shall receive no salary for their services as directors. Directors and members of Committee may receive compensation for their services, and such reimbursement of expenses, as may be fixed or determined by resolution of the board.

**Section 15. Training.**

Within 6 months of assuming office, and every 6 years thereafter, a director shall complete a 2 hour course directors regarding the duties of board members of mutual water companies, including, but not limited to, the duty of a corporate director to avoid contractual conflicts of interest and fiduciary duties, the duties of public water systems to provide clean drinking water that complies with the federal Safe Drinking Water Act and the Health and Safety Code, and long-term management of a public water system. The course shall be taught by a qualified trainer who may be: (1) a member of the California State Bar, (2) a person accredited by the International Association of Continuing Education and Training (IACET) ANSI/IACET 1- 2007, or (3) a person designated by the Rural Community Assistance Company or the California Rural Water Association.

**Section 16. Committees.**

Committees of the board may be appointed by resolution passed by a majority of the whole board. Committees shall be composed of two (2) or more members of the board and shall have such powers of the board as may be expressly delegated to them by resolution of the board. The board may designate one (1) or more directors as alternate members of any committee, who may replace any absent member at any meeting of the committee. Each committee shall have such powers of the board as may be expressly delegated to it by resolution of the board except those powers expressly made non-delegable by Corporations Code section 311.

**Section 17. Meetings and Action of Committees.**

Committees shall be governed by, and held and taken in accordance with these Bylaws, except the time of the regular or special meetings of committees may be determined by resolution of the board or the committee. The board may adopt rules for the government of any committee not inconsistent with these Bylaws.

**Section 18. Advisory Directors.**

The board from time to time may elect one (1) or more persons to be advisory directors, who shall not by such appointment be members of the board. Advisory directors shall be available from time to time to perform special assignments specified by the President, to attend meetings of the board upon invitation and to furnish consultation to the board. The period during which the title shall be held may be prescribed by the board. If no period is prescribed, title shall be held at the pleasure of the board.

**Section 19. Assessments.**

The board may levy and collect the rates and charges from the shareholders and withhold delivery of water while rates or charges are delinquent, make such rates and charges a lien against the shares, and withhold transfer of the shares subject to a lien of unpaid rates or charges. Should a shareholder be delinquent in paying any such rates and charges, the right to receive water or dividends pursuant to such membership may be forfeited, and those shares may be sold and transferred with the purchaser acquiring the right to receive water or the shares may be forfeited to the Company.

The board may adopt, repeal, modify, and enforce rules and regulations advisable for carrying out the foregoing purposes and powers, including the manner of delivery of water, and the imposition of penalties for violation of such rules and regulations or for the failure to pay charges, rates, or assessments.

**Section 20. Local Agency Formation Commission.**

The board shall provide the Local Agency Formation Commission (LAFCO) with a map depicting the approximate boundaries of the Company's service area. The board shall provide LAFCO with non-confidential information sought by LAFCO in connection with the preparation of municipal services reviews or spheres of influence. The board is not required to provide names or usage data of specific shareholders. The board is not required to compile reports for LAFCO and may submit reports filed with the State Department of Public Health in responses to LAFCO's request.

**ARTICLE II  
OFFICERS**

**Section 1. Officers.**

The principal officers of the Company shall be a President or both a Secretary and a Chief Financial Officer who may also be called Treasurer. The Company may also have, at the discretion of the board, one or more Vice Presidents, one or more Assistant Secretaries, and such other officers as may be appointed in accordance with this Article. One person may hold two or more offices.

**Section 2. Election.**

The principal officers of the Company, shall be chosen by the board, and each shall serve at the pleasure of the board, subject to the rights, if any, of an officer under a contract of employment. A board member may not concurrently serve as an officer.

**Section 3. Removal and Resignation.**

Subject to the rights, if any, of an officer under any contract of employment, an officer may be removed, either with or without cause, by a majority of the board at that time in office, at any regular or special meeting of the board, or, excepting the case of an officer chosen by the board, by an officer upon whom such power of removal may be conferred by the board.

**Section 4. Vacancies.**

A vacancy in an office because of death, resignation, removal, disqualification, or other cause shall be filled in the manner prescribed in these Bylaws for regular appointments to such officer.

**Section 5. President.**

The President shall be the Chief Executive Officer of the Company and shall, subject to the control of the board, have general supervision, direction and control of the business and the officers of the Company. The President shall preside at the meeting of the shareholders and at all meetings of the board. He or she shall have the general powers and duties of management usually vested in the office of President of a Company, shall be ex officio a member of all the standing committees, including the executive committee, if any, and shall have such other powers and duties as may be described by the board or the Bylaws.

**Section 6. 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, shall perform all the duties of the President, and so acting shall have all the powers of, and be subject to 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 or the Bylaws, or the President.

**Section 7. Secretary.**

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



The Secretary shall keep or cause to be kept at the principal office or at the office of the Company's transfer agent, a share register, or duplicate share register, showing the names of the shareholders and their addresses; the number of 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 required by the Bylaws or by law to be given, shall keep the seal of the Company in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the board or by the Bylaws.

**Section 8. 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 Company, 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 moneys and other valuables in the name and to the credit of the Company with such depositories as may be designated by the board. He or she shall disburse the funds of the Company as may be ordered by the board, shall render to the President and directors, whenever they request it, an account of all of his or her transactions as Chief Financial Officer and of the financial condition of the Company, and shall have other powers and perform such other duties as may be prescribed by the board or the Bylaws.

**Section 9. Indemnification.**

The Company may at its option, to the maximum extent permitted by the California General Corporations Law and by the Articles, indemnify each of its agents against expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with any proceeding arising by reason of the fact that such person is or was an agent of the Company. For the purposes of this section, an "agent" of the Company includes a person who is or was a director, officer, employee or agent of another Company, partnership, joint venture, trust or other enterprise, or was a director, officer, employee or agent of a Company which was a predecessor Company of the Company or of any other enterprise at the request of such predecessor Company.

**ARTICLE III  
SHAREHOLDERS**

**Section 1. Location of Meetings.**

Unless all shareholders consent to a meeting by electronic transmission, meetings of shareholders shall be held at a physical location, which may be any place within or without California designated by the board. In the absence of such designation, shareholders' meetings shall be held at the principal executive office of the shareholder.

**Section 2. Video or Electronic Communication.**

Meetings of the shareholders may be conducted, in whole or in part, by electronic video communication. Meetings may also be conducted, in whole or in part, by electronic transmission (other than video communication) if all shareholders consent thereto and none of such consents is revoked prior to the holding of the meeting. A request by the Company to the shareholders for consent to conduct a meeting of shareholders by electronic transmission may be made in the same manner as a notice of shareholders meeting as set forth in section 4 of this Article and shall include a statement that, absent consent of each shareholder to conduct a meeting by electronic transmission, the meeting shall be held at a physical location in accordance with this Article.

Shareholders not physically present (in person or by proxy) at a meeting may, by video communication or electronic transmission, be deemed present and may participate and vote at the meeting. When conducting any meeting in whole or in part by video communication or electronic transmission, the Company shall implement reasonable measures to provide shareholders a reasonable opportunity to read or hear the proceedings in real time as the proceedings occur and to vote on matters submitted thereat for shareholder vote. The Company shall maintain a record of any shareholder vote or other action taken by means of video communication or electronic transmission.

**Section 3. Annual Meeting.**

The annual meeting of the shareholders shall be held on the first Sunday of April at 1:00 p.m. Pacific Time at the principal office of the Company. If this day be a legal holiday, the meeting shall be held on the next succeeding business day, at the same time. At the annual meeting, the shareholders shall elect a board, report the affairs of the Company, and transact such other business as may properly be brought before the meeting. If the above date is inconvenient, the annual meeting of shareholders shall be held each year on a date and at a time designated by the board within twenty (20) days of the above date upon proper notice to all shareholders.

**Section 4. Special Meetings.**

A special meeting of the shareholders, for any purpose or purposes whatsoever, may be called at any time by the board, or by the President, or by one or more shareholders holding shares in the aggregate entitled to cast not less than 10% of the votes at any such meeting.

If a special meeting is called by any person or persons other than the board, the request shall be in writing, specifying the time 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 Company. The officer receiving such request shall forthwith cause notice to be given to the shareholders entitled to vote, in accordance with the provisions of sections 5 and 6 of this Article, 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 in the manner provided in these Bylaws or

upon application to the Superior Court as provided in Corporations Code section 305(c). Nothing contained in this paragraph of this section shall be construed as limiting, fixing, or affecting the time when a meeting of shareholders called by action of the board may be held.

**Section 5. Notice of Meetings; Reports.**

Notice of meetings, annual or special, shall be given in writing not less than ten (10) nor more than sixty (60) days before the date of the meeting, to shareholders entitled to vote thereat by the Secretary or the Assistant Secretary, or if there be no such officer, or in the case of his or her neglect or refusal, by any director or shareholder.

Such notices or any reports shall be given personally or by mail, or other means of communication as provided in Corporations Code section 601, and shall be sent to the shareholder's address appearing on the books of the Company, or supplied by him or her to the Company for the purposes of notice, and in absence thereof as provided in Corporations Code section 601 by posting notice at a place where the Company's principal executive office is located or by publication at least once in a newspaper of general circulation in the county in which the principal executive office is located. Notice of any meeting of shareholders 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, and no other business may be transacted; or (ii) in the case of an annual meeting, those matters which the board, at the date of the mailing of notice, intends to present for action by the shareholders. At any meetings where directors are elected, notice shall include the names of the nominees, if any, intended at the date of notice to be presented by the management for election.

If action is proposed to be taken at any meeting for approval of (i) contracts or transactions in which a director has a direct or indirect financial interest, pursuant to Corporations Code section 310; (ii) an amendment to the Articles of Incorporation, pursuant to section 902 of such Code; (iii) a reorganization of the Company, pursuant to section 1201 of such Code; (iv) dissolution of the Company, pursuant to section 1900 of such Code; or (v) a distribution to preferred shareholders, pursuant to section 2007 of the Code, the notice shall also state the general nature of such proposal.

**Section 6. 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 a majority of the shares required to constitute a quorum, or such greater percentage vote, or by voting by class, as may be required by the Articles of Incorporation or the Corporations Code.

**Section 7. Adjourned Meeting and 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 such meeting, either in person or by proxy, but in the absence of a quorum, no other business may be transacted at such meeting.

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 thereof, or the means of electronic transmission or electronic video communication by which the shareholders may participate, are announced at the 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 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 section 5 of this Article. At any adjourned meeting the Company may transact any business which might have been transacted at the original meeting.

**Section 8. Waiver of Notice or Consent by Absent Shareholders.**

The transactions at 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, not present in person or by proxy, signs or otherwise provides a written waiver of notice or a consent to a holding of the meeting, or any approval of the minutes thereof. The waiver of notice or consent need not specify either the business to be transacted or the purpose of any regular 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 last paragraph of section 5 of this Article, the waiver of notice or consent shall state the general nature of such 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 of a person at a meeting shall also constitute a waiver of notice of such 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 if such objection is expressly made at the meeting.

**Section 9. Shareholders Acting Without a Meeting; Filling Vacancies on Board.**

Any action that may be taken at a meeting of the shareholders may be taken without a meeting or notice of meeting if authorized by a writing including a writing by facsimile, telegraphic or other electronic transmission, given by all of the shareholders entitled to vote at a meeting for such purpose and filed with the Secretary of the Company; provided that, while directors ordinarily can be elected only by unanimous written consent under Corporations Code section 603(d), as to vacancy created by causes other than removal, if the directors fail to fill a vacancy, a director to

fill that vacancy may be elected by the written consent of persons holding a majority of shares entitled to vote for the election of directors.

**Section 10. Other Actions Without a Meeting.**

Unless otherwise provided by California Corporations Law, any action that may be taken at an 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, shall be signed by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted.

Unless the consents of all shareholders entitled to vote have been solicited in writing, (a) notice of any shareholder approval pursuant to Corporations Code sections 310, 317, 1201 or 2007 without a meeting by less than unanimous written consent shall be given at least ten (10) days before the consummation of the action authorized by such approval; and (b) prompt notice shall be given of the taking of any other corporate action approved by shareholders without a meeting by less than unanimous written consent, to each of those shareholders entitled to vote who have not consented in writing.

Any shareholder giving a written consent, or the shareholder's proxyholders, or a transferee of the shares of a personal representative of the shareholder or their respective proxyholders, may revoke the consent by a writing received by the Company prior to the time that written consents of the number of shares required to authorize the proposed action have been filed with the Secretary of the Company, but may not do so thereafter. Such revocation is effective upon its receipt by the Secretary.

**Section 11. Voting Rights; Cumulative Voting.**

Only persons in whose names shares stand on the stock records of the Company on the day fixed by the board for the determination of the shareholders of record, shall be entitled to vote at any shareholders' meeting.

Provided the candidate's name has been placed in nomination prior to the voting and one or more shareholders have given notice at the meeting prior to voting of the shareholders' intent to cumulate the shareholders' votes, every shareholder entitled to vote at any election for director may cumulate his or her votes and give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which his or her shares are entitled, or distribute his or her votes on the same principle among as many candidates as he or she thinks fit.

The candidate receiving the highest number of votes up to the number of directors to be elected are elected.

The board may fix a time as a record date for the determination of the shareholders entitled to notice of and to vote at any such meeting, or entitled to receive any such dividend or distribution,

or any allotment, rights, or to exercise the rights in respect to any such change, conversion, or exchange of shares. In such case only shareholders of record on the date so fixed shall be entitled to notice of and to vote at such meeting, or to receive such dividends, distribution, or allotment of rights or to exercise such rights, as the case may be, notwithstanding a transfer of any share on the books of the company after any record date fixed as aforesaid.

**Section 12. Proxies.**

Every shareholder 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 proxy validly executed by the shareholder. A proxy may be executed by written authorization signed, or by electronic transmission authorized, by the shareholder or the shareholder's attorney in fact, giving the proxyholder(s) the power to vote the shareholder's shares. A proxy shall be deemed signed if the shareholder's name or other authorization is placed on the proxy (whether by manual signature, typewriting, telegraphic or electronic transmission or otherwise) by the shareholder or the shareholder's attorney in fact. A proxy may also be transmitted orally by telephone if submitted with information from which it may be determined that the proxy was authorized 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 revoked by the person executing it, prior to the vote pursuant thereto, by a writing delivered to the Company stating that the proxy is revoked or by a subsequent proxy executed by, or attendance at the meeting and voting in person by the person executing the proxy; provided, however, that no such 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 Corporations Code section 705(e) and (f).

**Section 13. Chairperson and Secretary of Meeting.**

The President, or in the absence of the President, any Vice President, shall call the meeting of the shareholders to order, and shall act as Chairperson of the meeting. In the absence of the President and all the Vice Presidents, shareholders shall appoint a Chairperson at the meeting. The Secretary of the Company shall act as Secretary of all meetings of the shareholders, but in the absence of the Secretary at any meeting of the shareholders, the presiding officer shall appoint any person to act as such Secretary of the meeting.

**Section 14. Inspectors of Election.**

Before any meeting of shareholders, the board may appoint any person other than nominees for office to act as inspectors of election at the meeting or its adjournment. If no inspectors of election are appointed, the Chairperson of the meeting may, and on the request of any shareholder or his or her 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 vacancy may be filled by appointment by the board before the meeting, or by the Chairman at the meeting.

The duties of these inspectors shall be as follows:

- 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 the election result; and
- f) Do any other acts that may be proper to conduct the election or vote with fairness to all shareholders.

**Section 15. Share Certificates.**

Certificates for shares shall be of such form and device as the board may designate and shall state the name of the record holder of the shares represented thereby; its number and date of issuance; the number of shares for which it is issued; a statement of the rights, privileges, preferences and restrictions, if any; a statement as to the redemption or conversion, if any; a statement of liens or restrictions upon transfer or voting, if any; and if the shares be assessable, or if assessments are collectible by personal action, a plain statement of such facts.

Every certificate for shares must be signed by the President or a Vice President and a Secretary or an Assistant Secretary, and must be authenticated by the signature of the President and Secretary or an Assistant Secretary. No certificate or certificates for shares are to be issued until such shares are fully paid, unless the board authorizes the issuance of certificates or shares as partly paid, provided that such certificates shall state the amount of consideration to be paid therefore and the amount paid thereon.

Water shall be sold, distributed, supplied, or delivered only to owners of Company shares. Notwithstanding this provision, water may be sold to the state, a public agency, another mutual water company, or, during an emergency involving danger to public health and safety, to any person at the same rates as to holders of shares.

**Section 16. Transfer.**

Upon surrender to the Secretary or transfer agent of the Company of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Company to issue a new certificate to the person entitled thereto, cancel the old certificate, and record the transaction on its books.

**Section 17. Lost or Destroyed Certificates.**

Any person claiming a certificate of stock to be lost or destroyed shall make an affidavit or affirmation of that fact and shall, if the directors so require, give the Company a bond of indemnity in the form and with one or more sureties satisfactory to the board, in at least double the value of the stock represented by said certificate, whereupon a new certificate may be issued in the same manner and for the same number of shares as the one alleged to be lost or destroyed.

**Section 18. Transfer Agents and Registrars.**

The board may appoint one or more transfer agents or transfer clerks and one or more registrars, which shall be an incorporated bank or trust company, either domestic or foreign, who shall be appointed at such times and places as the requirements of the Company may necessitate and the directors may designate.

**Section 19. Record Date; Closing Stock Transfer Books.**

In order that the Company may determine the shareholders entitled to notice of any meeting or to vote or 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 lawful action, the board may fix in advance, a record date, which shall not be more than sixty (60) nor less than ten (10) days prior to the date of such meeting nor more than sixty (60) days prior to any other action. If no record date is fixed:

- 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 the business on the business day next preceding the day on which notice is given or, if notice is waived, at 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, when no prior action by the board is necessary, shall be the day on which the first written consent is given.
- c) The record date for determining shareholders for any other purpose shall be the close of business on the day on which the board adopts the resolution relating thereto, or the sixtieth (60th) day prior to the date of such other action, whichever is later.

The board may close the books of the company against transfers of shares during the whole or any part of such period.



**Section 20. Legend Condition.**

In the event any shares of this Company are issued pursuant to a permit or exemption therefrom requiring the imposition of a legend condition, the person or persons issuing or transferring said shares shall make sure said legend appears on the certificate and on the stub relating thereto in the stock record book and shall not be required to transfer any shares free of such legend unless an amendment to such permit or a new permit be first issued so authorizing said deletion.

**Section 21. Penalties, Interest, and Collection Costs.**

Each shareholder shall be liable for payment of and shall pay to the Company, upon its demand, all expenses incurred by the Company in collecting or enforcing payment from such shareholder of any delinquent assessment, charge, toll, or other indebtedness. Included in such expenses are attorney's fees in any proceeding for the enforcement of any lien herein provided for, or the collection of such indebtedness, whether by court action or there wise, and all expenses of a 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 owned by the said shareholder and be secured thereby and enforced in the same manner and with the same effect as the principal debt.

The board may authorize the recording of a lien against a shareholder's property to secure a delinquent rate, charge, or assessment if 20 days written notice is provided to the shareholder.

Wherever elsewhere in these Bylaws or in the share certificates, the terms assessment, charge, toll, special charge or any of them, 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, toll or special charge, or attaching, accruing or resulting from the non-payment thereof when due.

**Section 22. Liability of Registered Shareholder.**

The registered shareholder on the books of the Company shall be entitled to all of the benefits accruing to such shares as are registered in his/her name, and shall be personally liable for all assessments levied by the Company against such shares and for all tolls and charges accruing in favor of the Company by reason of such shares during the time the same are registered in his/her name.

**ARTICLE IV  
RECORDS**

**Section 1. Records.**

The Company shall maintain, in accordance with generally accepted accounting principles, adequate and correct accounts, books, and records of its business and properties. If the Company has fewer than one hundred (100) shareholders, the financial statements need not be prepared according to generally accepted accounting principles so long as the financial statement

reasonably sets forth the assets and liabilities, income and expenses of the Company, and discloses the accounting basis used. All of such books, records, and accounts shall be kept at the Company's principal executive office in the State of California, as fixed by the board, from time to time, or at such place or places as designated by the board, and shall be kept in either written form or another form capable of being converted into writing, or in any combination of the foregoing.

The following records shall be made available to eligible persons upon request and payment of fees covering the direct cost of duplication:

- Agendas and minutes of board meetings.
- Annual budget.
- Report of the results of water quality tests.
- Annual accounting report.
- Annual report distributed to shareholders.

Such records shall be limited to 3 years preceding the request.

## **Section 2. Maintenance and Inspection of Share Register.**

The Company shall keep at its principal executive office, or at the office of its transfer agent or registrar, if either be appointed and as determined by board resolution, a record of its shareholders and the number and class of shares held by each. A shareholder or shareholders of the Company holding at least five percent (5%) in the aggregate of the Company's outstanding voting shares of the Company may (i) inspect and copy the records of shareholder names and addresses and shareholding during usual business hours upon five (5) days prior written demand upon the Company; and/or (ii) obtain from the transfer agent of such transfer agent's usual charges for such a list, a list of the names and addresses of the shareholders entitled to vote for the election of directors, and their shareholdings, as of the most recent record date for which list has been compiled or as of a date specified by the shareholders subsequent to the day of demand. Such list shall be made available by the transfer agent on or before the later of five (5) days after the demand is received or the date specified therein as the date as of which the list is to be compiled. The record of shareholders shall also be open to inspection upon 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 such holder's interest as a shareholder or as a holder of a voting trust certificate. Any inspection and copying under this section may be made in person or by an agent or attorney of such shareholder or holder of a voting trust certificate making such demand.

## **Section 3. Maintenance and Inspection of Bylaws.**

The Company shall keep at its principal executive office, or if its principal executive office is not in this state, at its principal business office in this state, the original or a copy of the Bylaws 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 Company is outside the state and the

Company has no principal business office in this state, the Secretary shall, upon written request of any shareholder, furnish to such shareholder a copy of the Bylaws as amended to date.

**Section 4. Annual Report to Shareholders.**

Provided this Company has one hundred (100) shareholders or less, the Annual Report to shareholders referred to in section 1501 of the General Corporate Law is expressly dispensed with, but nothing herein shall be interpreted as prohibiting the board from issuing annual or other periodic reports to shareholders of the Company as they deem appropriate. Should this Company have one hundred (100) or more shareholders, an Annual Report must be furnished not later than one hundred twenty (120) days after the end of each fiscal period.

**Section 5. Financial Statements.**

The board shall adopt a budget before the start of the fiscal year. The board shall contract with a certified public accountant or public accountant to conduct an annual review of financial records in accordance with generally accepted accounting principles.

A copy of any annual financial statement and any income statement of the Company for each quarterly period of each fiscal year, and any accompanying balance sheet of the Company as of the end of each such period, that has been prepared by the Company shall be kept on file at the principal executive office of the Company for twelve (12) months from the date of its execution, and each such statement shall be exhibited at all reasonable times to any shareholder demanding an examination of such statement or a copy shall be made 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 Company make a written request to the Company for an income statement of the Company for the three (3) month, six (6) month, or nine (9) month period of the then current fiscal year ended more than thirty (30) days prior to the date of the request, and a balance sheet of the Company at the end of such period, the Chief Financial Officer shall cause such statement to be prepared, if not already prepared, and shall deliver personally or mail such statement or statements to the person making the request within thirty (30) days after the receipt of such request. If the Company has not sent to the shareholders its Annual Report for the last fiscal year, this report shall likewise be delivered or mailed to such shareholder or shareholders within thirty (30) days after such request.

The Company also shall, upon the written request of any shareholder, mail to the shareholder a copy of the last annual, semi-annual or quarterly income statement that it has prepared and a balance sheet as of the end of such period. This quarterly income statement and balance sheets referred to in this section shall be accompanied by the report thereon, if any, of any independent accountants engaged in the Company or the certificate of authorized officer of the Company that such financial statements were prepared without audit from the books and records of the Company.

**Section 6. Annual Statement of General Information.**

The Company shall, in a timely manner, file with the Secretary of 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, the general type of business constituting the principal business activity of the Company, and such other information as may be required by law, together with a designation of the agent of the Company for the purpose of the service of process, all in compliance with Corporations Code section 1502.

**ARTICLE V  
AMENDMENTS TO BYLAWS**

**Section 1. 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 Company set forth the number of authorized directors of the Company, the authorized number of directors may be changed only by an amendment of the Articles of Incorporation.

**Section 2. Amendment by Directors.**

Subject to the rights of the shareholders as provided in section 1 of this Article to adopt, amend, or repeal Bylaws, and the limitation of Corporations Code section 204(a)(5) and 212, Bylaws may be adopted, amended, or repealed by the board.

**CERTIFICATE**

I, Betty Swift, hereby certify that:

I am the Secretary of Lake Moreno Views Mutual Water Co., a California Company; and

The foregoing Bylaws, consisting of 20 pages, are a true and correct copy of the Bylaws of the Company as duly adopted by approval of the board of the Company at a regular meeting duly held on 12/10/2016, at the Company's principal executive office in San Diego County.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Company this 6<sup>th</sup> day of January 2017.

Betty Swift, Secretary