

Proposed

**BYLAWS OF  
ALPINE WATER COMPANY  
As of July 15, 2008**

**(A California Nonprofit Mutual Benefit Corporation)**

**ARTICLE I  
PURPOSE**

**Section 1. PURPOSE.** Alpine Water Company (hereinafter "the corporation") is a Mutual Water Company organized as a California Nonprofit Mutual Benefit Corporation. The purpose of the corporation is to deliver water to its members at cost. Water will be delivered by the corporation only to its members, with the exception of the use of water by any bona fide agency or fire department for fire-fighting purposes.

**Section 2. AREA SERVED.** The corporation intends to provide water service to all member - landowners in the area served, which is those portions of Section 20, Township 8 South, Range 31 East, M.D.M., in the County of Inyo, State of California, described as follows:

Lots 1 through 45 inclusive of Aspendell Subdivision Tract No. 2 as shown in the map thereof recorded in Book 2, Pages 51 and 52 of Subdivision Maps in the office of the County Recorder of said County; and

Parcel 3 of Parcel Map No.90 recorded in Book 1, Page 51 of said Parcel Maps.

Water to each member lot or parcel will be provided for domestic use by only one residence, including landscape watering of an area comparable to the average size of the lots in Tract 2 of Aspendell Subdivision. Water will not be provided for a greater number of residences per lot or parcel, landscape watering of a larger area, or for agricultural or other uses.

Water will be provided from the corporation's existing network of water mains, with the cost of connection to the main and construction of the lateral to be borne by the member. The corporation is not responsible for the construction of any additional mains or laterals to serve any lots or parcels.

Water will be provided on a gravity-fed basis from the corporation's existing reservoir. Installation of any booster pumps necessary to provide water to lots or parcels is the responsibility of the member.

In the case of lots or parcels listed above as the area to be served where the owner has not as of May 1, 2004 exercised their right to become a member of the corporation, the Board of Directors may set a membership fee that must be paid by the landowner before a membership will be issued for that lot or parcel.

Addition of any lots or parcels not listed above to the area to be served requires the approval of both the Board of Directors and the members of the corporation as an amendment to these Bylaws, with the amount of any membership fee subject to the approval of the Board of Directors and the members.

**Section 3. ACTIVITIES.** The corporation does not intend to engage in any other activities than the delivery of water. The several fire hose cabinets, including hoses, nozzles, and related equipment that were previously purchased for and at the request of the landowners of Tract 2 of Aspendell Subdivision with funds collected from them, are the property of the landowners and not property of the corporation.

**Section 4. PRINCIPAL OFFICE.** The principal office of the corporation shall be 138 Alpine Drive, Bishop, CA 93514.

**ARTICLE II  
MEMBERSHIP**

**Section 1. MEMBERS.** Those persons owning land within the area to be served shall be eligible to become a member of the corporation. One membership shall be issued for each lot or parcel within the area to be served. The membership is appurtenant to the individual lot or parcel, and may not be disposed of separately. A person's membership shall cease when he or she ceases to be the legal owner of said lot or parcel. There shall be only one class of membership in the corporation. Persons owning more than one lot or parcel shall hold multiple individual memberships proportional to the number of lots or parcels that they own, and shall be able to exercise the rights and privileges associated with each of those memberships. Similarly, persons owning more than one lot or parcel shall be responsible for any assessments or fees levied by the corporation associated with each of those multiple memberships.

No membership certificates in the corporation will be issued.

**Section 2. VOTING RIGHTS.** Each membership is entitled to cast one vote in matters of the corporation; whether in person at a meeting, by proxy, or by written ballot. Owners of multiple lots or parcels shall be entitled to cast a number of votes equal to their number of memberships.

No fractional memberships may be held. In the event that the membership is owned by husband and wife, or two or more persons hold the membership as co-owners, only a single vote may be cast. Except in the case of husband and wife, the corporation may, at its discretion, require written approval from the other owners of the person who is authorized to exercise voting rights on their behalf. Similarly, if the membership is owned by a business or trust, the corporation may, at its discretion require written evidence of the officer or trustee authorized to exercise voting rights.

No mortgage-holder shall be considered to be a member of the corporation, or be entitled to voting rights, until legal ownership of the lot or parcel to which the membership is appurtenant, and by which the loan is secured, has passed to the mortgage-holder through foreclosure.

As the situation warrants, a member's voting rights may be exercised by their duly appointed attorney-in-fact, guardian, executor, or conservator; or by their receiver or trustee in bankruptcy of the member.

**Section 3. OBLIGATIONS OF MEMBERS.** Each membership is liable for payment of such fees or assessments as may be levied (see Article IX), and for adherence to such rules or policies as may be approved by the Board of Directors and/or members of the corporation. It is the responsibility of the owner-of-record of the membership to notify the corporation of any change in the owner-of-record.

### ARTICLE III MEMBERSHIP MEETINGS

**Section 1. TIME AND PLACE.** An annual meeting for the election of Directors and for the transaction of any other proper business shall be held at the time as the Board of Directors shall fix. Unless otherwise noticed, said annual meetings will be held at 9:00 AM on the Saturday in July closest to July 4th. The place of the meetings will be within the area to be served, at a location specified by the Board of Directors in the Notice of the Meeting issued to all members.

**Section 2. SPECIAL MEETINGS.** Special meetings may be called by the Directors, President, Vice President, Secretary, or by any other officer directed by the Directors to call the meeting. Special meetings may also be called by members entitled to cast not less than 10 percent of the votes at the meeting being called.

**Section 3. NOTICE.** Written notice of the meeting shall be given to each member either personally, by mail, or by other form of written communication not less than 10 nor more than 90 days before the date of the meeting to each member who, on the record date for notice of the meeting, is entitled to vote thereat. The notice shall state the place, date and time of the meeting and (1) in the case of a special meeting, the general nature of the business to be transacted, and no other business may be transacted, or (2) in the case of the regular meeting, those matters which the Board, at the time the notice is given, intends to present for action by the members, except that subject to the presence of a suitable quorum, any proper matter may be presented at the meeting for the action. The notice of any meeting at which Directors are to be elected shall include the names of all those who are nominees at the time the notice is given to members.

**Section 4. PROXY REPRESENTATION.** Every member may authorize another person to act as his proxy at a meeting (and any postponement or cancellation there of) or by a written ballot. No proxy shall be valid after the expiration of eleven months from the date of its execution unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the person executing it prior to the vote or written ballot to which it pertains. The proxy shall be a written form, signed, or electronically transmitted with the member's name, by the member or another party duly authorized to exercise the voting rights of that membership.

**Section 5. QUORUM AND VOTE: MEETINGS.** The holders of twenty percent (20 %) of the voting memberships, represented in person or by proxy, shall constitute a quorum at a meeting of the members for the transaction of any business, the general nature of which was given in the notice of the meeting. Other business not so noticed may only be transacted at a meeting at which a quorum of at least one-third (33% %) of the voting memberships are represented in person or by proxy. Any bylaw amendment to increase the quorum may be adopted only by approval of the members.

Except as otherwise provided by the Nonprofit Mutual Benefit Corporation Law, the Articles of Incorporation, or these Bylaws, any

action required or permitted to be taken at a meeting at which a quorum is present shall be authorized by the affirmative vote of a simple majority of the memberships represented at the meeting. In the election of Directors, a plurality of the votes cast shall elect; members may not cumulate their votes for a given Director.

**Sections 6. QUORUM AND VOTE: WRITTEN BALLOT.** Except as otherwise provided by the Nonprofit Mutual Benefit Corporation Law, the Articles of Incorporation, or these Bylaws, any action which may be taken at any annual or special meeting may be taken without a meeting and without prior notice, if the corporation distributes a written ballot to every member entitled to vote on the matter. Such ballot shall set forth the proposed action, provide an opportunity to special approval or disapproval of any proposal, and provide a reasonable time within which to return the ballot to the corporation. In the event that a ballot mailed to a member's address of record shall be returned by the U.S. Post Office marked as undeliverable said ballot and all future ballots mailed to that address shall be considered as having been delivered.

Approval by written ballot pursuant to this section shall be valid only when the number of votes cast by ballot within the time period specified equals or exceeds the quorum required to be present at a meeting authorizing the action; and the number of approvals equals or exceeds the number of votes that would be required to approve at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. If the time period for the return of written ballots is extended for any reason, the same quorum and number of approvals required will apply as if the time period had not been extended.

Ballot solicitations shall indicate the number of responses needed to meet the quorum requirement, and shall state the percentage of approvals necessary to pass the measure submitted.

## **ARTICLE IV BOARD OF DIRECTORS**

**Section 1. BOARD OF DIRECTORS.** The business affairs of the corporation shall be managed, and all corporate powers, unless otherwise reserved by these Bylaws, shall be exercised by or under the direction of its Board of Directors (hereinafter "the Board"). The Board may delegate the management of the day-to-day operation of the business of the corporation to a management company or other person, provided that the Board shall retain the ultimate direction of such business and affairs.

**Section 2. QUALIFICATIONS AND NUMBER.** Only members of the corporation shall be qualified to be a Director. The authorized number of directors constituting the Board until further changed shall be three. The number of directors may be changed by an amendment to these Bylaws approved by a simple majority of a quorum of twenty percent (20%) of the members of the corporation, unless a greater or lesser quorum has been approved by the members in amended Bylaws.

**Section 3. COMPENSATION.** The members of the corporation may set or change the amount of compensation to be paid to the Directors currently serving on the Board. Directors shall be exempt from payment of such fees or assessments as may be levied on the membership of the corporation, as long as the duration of their term as a Director.

The Board of Directors shall set the salaries of the paid personnel of the corporation, if there should be any. The Board of Directors shall establish reasonable limitations on salaries of any operating personnel employed by the corporation. The salaries paid shall not be higher than those salaries of personnel in comparable mutual water companies performing comparable activities as that of the corporation.

**Section 4. ELECTION AND TERM.** Directors who have been elected to the Board shall hold office until the next annual meeting of the membership, and until they have been re-elected to the Board or their successors have been elected; or until their earlier resignation, removal from office, or death. All incumbents on the Board must be re-elected at each annual meeting to continue serving on the Board. Members may not cumulate their votes for a given Director; each membership is allowed to cast only a single vote for each Director's seat up for election or reelection. In the event that there are a greater number of candidates for election than there are seats on the Board of Directors, the candidates with the greatest number of votes are elected.

Any vacancies resulting between annual meetings of the membership may be filled by the vote of a majority of the Directors then in office; or of the sole remaining Director, although less than a quorum exists.

The members may elect a Director at any time to fill any vacancy which the Directors are entitled to fill, but which they have not filled. Any such election by written consent shall require the consent of a majority of the members.

**Section 5. REMOVAL OF DIRECTORS.** The entire Board of Directors, or any individual Director, may be removed from office without cause by approval of at least a majority of the members of the corporation. The Board of Directors may declare vacant the office of any Director who has been declared of unsound mind by an order of court or convicted of a felony.

**Section 6. MEETINGS OF THE DIRECTORS.** Meetings of the Directors shall be held at such time and place as the

Board shall fix, except that the first meeting of a newly elected Board shall be held as soon as possible after its election as the Directors may conveniently assemble.

No notice shall be required for regular meetings for which the time and place have been fixed by the Board of Directors. Special meetings shall be held upon at least four days' notice by mail or upon at least forty-eight hour's notice delivered personally or by telephone, unless a shorter period of time for a given meeting is agreed to by each Director. A notice need not specify the purpose of any regular or special meeting of the Board of Directors.

A majority of the authorized number of Directors shall constitute a quorum, except when a vacancy or vacancies prevents such a majority, whereupon a majority of the Directors in office shall constitute a quorum Except as provided in the Articles of Incorporation, these Bylaws, or the Nonprofit Mutual Benefit Corporation Law, the act or decision done or made by a majority of the Directors constituting a quorum at a duly held meeting shall be the act of the Board of Directors. Members of the Board of Directors may participate in a meeting by telephone or in person.

## ARTICLE V OFFICERS

**Section 1. OFFICERS.** The officers of the corporation shall be a President, a Secretary, and a Treasurer. The corporation may also have, at the discretion of the Board of Directors, one or more Vice Presidents, one or more Assistant Secretaries, and such other officers as may be appointed by the Board of Directors as the business of the corporation may require. One person may hold two or more offices.

**Section 2. ELECTION.** The officers of the corporation shall be chosen annually by the Board of Directors, and each shall hold his office until he shall resign or shall be removed or otherwise disqualified to serve, or his successor shall be elected. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled by election by the Board of Directors.

**Section 3. REMOVAL OF OFFICERS.** Any officer may be removed from office, either with or without cause, by a majority of the Directors at any time in office, at any regular or special meeting of the Board.

**Section 4. PRESIDENT.** The president shall be the Chief Executive Officer of the corporation and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and officers of the corporation The president shall preside at all meetings of the membership, or may appoint another officer to so preside, and at all meetings of the Board of Directors. The president shall be an ex officio member of any committees that may be established to conduct the affairs of the corporation.

**Sections 5. VICE PRESIDENT.** In the absence or disability of the President, the Vice Presidents in order of their rank as fixed by the Board of Directors, or if not ranked, the Vice President designated by the Board of Directors, shall perform all of the duties of the President, and when so acting shall have all of the powers of, and be subject to all the restrictions upon, the President. The Vice President shall have other such powers and perform other such duties as from time to time may be prescribed for them respectively by the Board of Directors or the Bylaws.

**Section 6. SECRETARY.** The Secretary shall keep, or cause to be kept, a book of minutes of all meetings of Directors and members, with the time and place of the meeting, whether regular or special, and if special, how authorized, the notice thereof given, the names of those present at meetings, the number of memberships present or represented at membership meetings, and the proceedings thereof. Minutes of the meetings of the members shall be distributed by mail to all members no later than the mailing of the next regular billing of fees and assessments.

The Secretary shall keep, or cause to be kept, a membership register showing the names of all current members and their addresses, and the number of memberships held by each member.

The Secretary shall give, or cause to be given, notice of all the meetings of the members and of the Board of Directors required by the Bylaws or by law to be given, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or by the Bylaws.

**Section 7. TREASURER.** This officer shall keep and maintain, or cause to be kept and maintained in accordance with generally accepted accounting principals, adequate and correct accounts of the properties and business transactions of the corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses capital, and earnings (or surplus). The books of accounts shall at all reasonable times be open to inspection by any Director.

This officer shall deposit all monies and other valuables in the name and to the credit of the corporation with such depositories as may be directed by the Board of Directors. The treasurer 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 and of the financial condition of the corporation, and shall have other powers and perform such other duties as may be prescribed by the Board of Directors or the Bylaws.

## ARTICLE VI OTHER PROVISIONS

**Section 1. CORPORATE CONTRACTS AND INSTRUMENTS - HOW EXECUTED.** The Board of Directors, except as otherwise provided in the Bylaws, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of, and on behalf of the corporation. Such authority may be general or confined to specific instances. Unless so authorized by the Board of Directors, no officer, agent, or employee shall have any power or authority to bind the corporation by any contract or agreement, or to pledge its credit, or to render it liable for any purposes or any amount.

**Section 2. CONTROL OVER BYLAWS.** After the initial Bylaws of the corporation shall have been adopted by the incorporator or incorporators of the corporation, the Bylaws may be amended or repealed, or new Bylaws may be adopted, by a simple majority vote of one-third of the members entitled vote (unless the Bylaws have been properly amended to provide a greater or lesser quorum); or by a simple majority vote of the Board of Directors. Approval of amended Bylaws which change the quorum or the number of Directors must be by the membership; this requires a simple majority vote of one-third of the members entitled vote (unless the Bylaws have been properly amended to provide a greater or lesser quorum). Further, any control over the Bylaws herein vested in the Board of Directors shall be subject to the authority of the aforesaid members to amend or repeal the Bylaws or to adopt new Bylaws.

**Section 3. CONTROL OVER ARTICLES OF INCORPORATION.** After the initial Articles of Incorporation of the corporation shall have been adopted by the incorporator or incorporators of the corporation, the Articles may be amended, or new Articles may be adopted, by approval by a majority of the Board of Directors and by a simple majority vote of a minimum quorum of one-third of the members entitled vote (unless the Bylaws have been properly amended to provide a greater or lesser quorum).

**Section 4. LIABILITY OF MEMBERS, DIRECTORS, AND OFFICERS.** A member of the corporation is not, as such, personally liable for the debts, liabilities, or obligations of the corporation. The corporation shall indemnify any Director, Officer, agent or employee as to those liabilities and on those terms and conditions as are specified in Section 317 of the California Corporation Law. The corporation shall purchase and maintain insurance on behalf of any such persons whether or not the corporation would have the power to indemnify such person against the liability insured against.

## ARTICLE VII BOOKS AND RECORD

**Section 1. RECORDS: STORAGE AND INSPECTION.** The corporation shall keep at its principal executive office in the State of California, or an alternate location within the area to be served, the original or a copy of the Articles of Incorporation and the Bylaws as amended to date, which shall be open to inspection by the members at all reasonable times during office hours.

The corporation shall keep adequate and correct books and records of account and shall keep minutes of the proceedings of meetings of the membership, Board of Directors, and committees, if any. The corporation shall keep at its principal office a record of its members, showing the names of all current members and their addresses, and the number of memberships held by each member. Such minutes and records shall be kept either in written form or in any other form capable of being converted into written form.

**Section 2. RECORD OF PAYMENTS.** All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the Corporation, shall be signed or endorsed by such person or persons and in such manner as shall be determined from time to time by resolution of the Board of Directors.

**Section 3. ANNUAL REPORT.** The Board of Directors shall be required to make available to all members who may be present at an annual meeting of the membership an annual financial report of the corporation, either prepared by an independent accountant, or certified by an authorized officer of the corporation that such statements were prepared without audit from the books and records of the corporation. Members not present at the annual meeting of the membership may request in writing to the President of the corporation a copy of the most recent said report. Such right of members shall be stated in the Notice of each annual membership meeting.

**ARTICLE VIII**  
**SALE, MERGER, OR EXPANSION OF THE FACILITIES OF THE CORPORATION**

**Section 1. SALE.** Sale of all or a portion of the assets of the corporation's facilities shall only be allowed in accordance with the provisions of the Nonprofit Mutual Benefit Corporation Law, and furthermore must be approved by the entire Board of Directors and a minimum of two-thirds of the voting members of the corporation.

**Section 2. MERGER.** A merger of the corporation with any other entity shall only be allowed in accordance with the provisions of the Nonprofit Mutual Benefit Corporation Law, and furthermore must be approved by the entire Board of Directors and a minimum of two-thirds of the voting members of the corporation.

**Section 3. EXPANSION OF THE FACILITIES OF THE CORPORATION.** Any substantive expansion of the facilities of the corporation must be approved by the entire Board of Directors and a minimum of two-thirds of the voting members of the corporation.

**ARTICLE IX**  
**FEEES AND ASSESSMENTS**

**Section 1. RATE STRUCTURE.** The corporation will establish a rate structure which will bear a reasonable relationship to the costs of furnishing water. Member unimproved lots or parcels included within the area to be served shall bear an appropriate share of the costs of maintaining the water system. Additionally, the corporation will, as necessary, collect a reserve assessment that will result in the accumulation and maintenance of a fund for the repair or replacement of its facilities. Special assessments for other specific purposes may be established subject to the approval of a simple majority of the required quorum for an annual or special membership meeting.

**Section 2. FEES AND ASSESSMENTS.** Fees and assessments current as of July 2008 include the following:

Semiannual water service bill, unimproved lots	\$ 48.00
Semiannual water bill, improved lots	\$ 69.00
Water hook-up fee (administrative charge only; arrangements for and cost of, hook-up to be borne by member)	\$100.00
Special assessment fee	\$ 0.00

An improved lot is defined as any lot or parcel on which water from the corporation's water system is used within the property lines of that lot or parcel for any purpose, including watering of landscaping or natural vegetation, regardless of whether that water is provided by an actual connection to the water system on that lot. Lots or parcels on which water is used for any purpose, even if that water is provided from a connection on another lot or parcel, will be charged the semiannual water fee for an improved lot.

All new connections to the water system must be constructed in accordance with all applicable Inyo County and other regulations or codes, must incorporate a stop-and-waste shut-off valve accessible to the corporation as close as practical to the water main, and furthermore are subject to any requirements that may be imposed by the Board of Directors.

**Section 3. BILLING.** Bills will be issued for service periods beginning July 1 and January 1 of each year, and will be due and payable on said dates. Accounts not paid in full by July 31 or January 31, respectively, will be considered delinquent, and the unpaid principal will be assessed interest at the rate of 7 percent per annum.

**Section 4. ARREARS.** Collection of accounts that have not been paid in full within 270 days of the original date due may be enforced by court action, with the member additionally liable for any attorney, court, filing, or service fees. Any judgments thus obtained may be pursued by all remedies allowed by law, including, at a minimum, the filing of a lien on the subject lot or parcel. The corporation reserves the right to turn off the water supply to any lot or parcel whose account remains unpaid 9 months after the original date due. Further, in the event of sale or transfer of a lot or parcel that is in arrears, the new owner will not be allowed to connect to or use the water service until all delinquent fees, assessments, judgments, and interest have been paid.