

**BY-LAWS**  
**OF**  
**MUSICK MEADOWS MUTUAL WATER CO. NO. 2, INC.**

The name of the corporation shall be MUSICK MEADOWS MUTUAL WATER COMPANY NO. 2, INC.

**ARTICLE I**  
**Applicability**

**These bylaws, as well as all conditions contained in the MMMWC#2 Declaration of Restrictions, and Articles of Incorporation will apply to any and all Shareholders of MMMWC#2 stock.**

**ARTICLE II**  
**Directors**

The number of Directors of this corporation shall be no less than five (5) and no more than nine (9), unless changed by amendment of the Articles of Incorporation or a duly adopted By-Law. The exact number shall be fixed, within the limits specified, by amendment of the next succeeding sentence hereof, duly adopted either by the Board of Directors or by the Shareholders. The exact number of Directors at this time shall be 9 until changed as herein provided.

**ARTICLE III**  
**Election of Directors**

Three Directors shall be elected by ballot at the annual meeting of the Shareholders to serve for three years, and until their successors are elected. Their term of office shall be three years beginning immediately after election. No person who is not a Shareholder in this corporation shall be elected a Director thereof.

**ARTICLE IV**  
**Vacancies**

Vacancies in the Board of Directors shall be filled by the then other Directors in office; and such person shall hold office until the first meeting of the Shareholders thereafter, at which the Director will be elected to fill the unexpired term.

**ARTICLE V**  
**Attendance**

Should a Director miss two consecutive meetings, or more than three meetings within a two-year period, they may be removed prior to expiration of their term by majority vote of the Board. Any Director so removed will be replaced consistent with the provisions of Article IV of these Bylaws

**ARTICLE VI**  
**Power of Directors**

The Directors shall have power:

1. To call special meetings of the Shareholders when they deem it necessary. And they shall call a meeting at any time, upon the written request of Shareholders holding one-fifth of all the capital stock.
2. To appoint and remove, at pleasure, all officers, agents, and employees of the corporation, prescribe their duties, fix their compensation, and require from them security for faithful service.
3. To conduct, manage and control the affairs and business of the corporation, and to make rules and regulations, not inconsistent with the laws of the State of California or the By-Laws of the corporation, for the guidance of the officers and management of the affairs of the corporation.
4. To incur indebtedness. The terms and amount of such indebtedness shall be entered on the minutes of the Board, and the note or obligation given for the same, signed officially by the President and Secretary, shall be binding on the corporation.
5. A meeting which a majority of the Directors or their designated proxy(s) are in attendance shall be deemed a duly constituted meeting, and the majority vote of those in attendance shall be the act of the Board.
6. To conduct the business of the corporation in activities that the corporation through its Directors elect to carry on, including without limitation the following:

The operation of a mutual water company for the benefit of the lands to which the stock of the corporation is appurtenant.

- A. The provision of snow removal services on the public roads within the jurisdiction of the Corporation.
- B. Carry on such other activities from time to time as the majority of the Board may determine.
- C. To levy and collect assessments from Shareholders, and adopt and implement fee and fine schedules as necessary to manage the affairs and assets of the Corporation, and to pay the expenses of carrying on corporate activities, in the manner and in the amount as hereinafter and by resolutions of the Board may be determined, but said assessments, fees or fines shall not be for profit to the corporation as such corporation is intended to be and shall be operated without profit.
- D. To implement whatever actions may be necessary and prudent to ensure compliance with any and all current or future regulations governing the production and distribution of potable water to Shareholders.
- E. To implement rules and regulations and take actions to restrict the amount of water Shareholders may use, individually or collectively, such that the Corporation's ability to deliver safe and reliable water to Shareholders is not compromised.
- F. To develop, maintain, and periodically update a capital asset manage plan for the purpose of establishing a financial reserve for the necessary repairs to and replacement of assets, and the purchase of additional planned or unplanned assets as may be necessary. Fees, levies, assessments, and fines identified in Paragraph D of this section can be used to finance these repairs, replacements or additions.

**ARTICLE VII**  
**Duties of Directors**

It shall be the duty of the Directors:

1. To cause to be kept a complete record of all their minutes and acts; and of the proceedings of the Shareholders, and present a full statement at the regular annual meeting of the Shareholders, showing in detail the assets and liabilities of the corporation, and generally the condition of its affairs.
2. To supervise all officers, agents and employees, and see that their duties are properly performed.
3. To obtain training as required by Health and Safety Code section 116755 or other requirements imposed by state or federal law.

**ARTICLE VIII**  
**Directors Meetings and Resolutions**

1. Regular meetings of the Board of Directors may be held at any place within the State of California that has been designated from time to time by resolution of the Board. In the absence of such designation, regular meetings shall be held at the principal executive office of the corporation. Special meetings of the Board shall be held at any place within the State of California that has been designated in the notice of the meeting or, if not stated in the notice or if there is no notice, at the principal executive office of the Corporation. Notwithstanding, the above provisions of this Section, a regular or special meeting of the Board of Directors may be held at any place consented to by a majority of the Directors. If consents are given, they shall be filed with the minutes of the meeting. Any meeting, regular or special, may be held by conference telephone or similar communication equipment, so long as all Directors participating in the meeting can hear one another.
2. Without call or notice other than this By-Law, the Board of Directors of the corporation shall hold an annual meeting immediately following the annual meeting of the Shareholders, at a location announced prior to conclusion

of the annual shareholder meeting. The officers of the corporation shall be elected at this annual meeting of the Board of Directors.

3. Other regular meetings of the Board of Directors shall be held without notice to the Shareholders at such time as shall from time to time be fixed by the Board of Directors. Such regular meetings may be held without notice four times yearly.
4. Special meetings of the Board of Directors for any purpose or purposes may be called at any time by the Board President, or any Vice President, or the Secretary, or any two (2) Directors.

At least forty-eight (48) hours' notice of the time and place of special meetings shall be delivered personally to the Directors or personally communicated to them by a corporate officer by telephone, email, or letter. If the notice is sent to a Director by letter, it shall be addressed to him or her at his or her address as it is shown upon the records of the corporation. In case such notice is mailed, it shall be deposited in the United States mail, postage prepaid, in the place at which the principal executive office of the corporation is located at least four (4) days prior to the time of the holding of the meeting. This may be reduced to two days if overnight mail or similar services are utilized. The notice need not specify the purpose of the meeting nor the place if the meeting is to be held at the principal executive office of the corporation. Accurate minutes of any meeting of the Board of Directors or any Committee thereof, shall be maintained as required by Section 1500 of the Code by the Secretary or other Officer designated for that purpose.

5. A majority of the authorized number of Directors constitutes a quorum of the Board of Directors for the transaction of business. Every act or decision done or made by a majority of the Directors present at a meeting duly held at which at quorum is present is the act of the Board. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for such meeting.

6. Each Director shall have but one (1) vote at any meeting. Any non-attending Director may grant proxy voting authority to any of the Directors attending the meeting. Proxies may be general and cover any Board action or may be specific to an agenda item or items. Granting of a proxy does not constitute Director attendance as defined in Article V of these bylaws. Any single Director may not exercise more than one Proxy vote.
7. Any action required or permitted to be taken by the Board of Directors may be taken without a meeting, if all members of the Board shall individually or collectively consent in writing to that action. Email communication from Directors will be considered written consent for the purposes of this section. Such action by written consent shall have the same force and effect as a unanimous vote of the Board of Directors. Such written consent or consents shall be filed with the minutes of the proceedings of the Board.
8. Each Director shall perform the duties of a Director, including the duties as a member of any committee of the Board upon which the Director may serve, in good faith, in a manner such Director believes to be in the best interests of the corporation, and with such care, including reasonable inquiry, as an ordinary prudent person in a like position would use under similar circumstances. (Section 309 of the Code).
9. A person who performs the duties of a Director in accordance with the requirements of Section 9 hereinabove shall have no liability based upon any alleged failure to discharge the persons' obligations as Director, providing he or she acts in good faith in the discharge of his or her duties.

#### **ARTICLE IX**

#### **Indemnification of Corporate Agents**

1. The corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any proceeding (other than an action by or in the right of the corporation) by reason of the fact that such person is or was an agent of the corporation, against expenses, attorney's fees, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with such proceeding if such person acted in good faith and in a manner such person reasonably believed to be in the best interests of the corporation, and, in the case of a criminal

proceeding, has no reasonable cause to believe the conduct of such person was unlawful. The termination of any proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in the best interests of the corporation or that the person had a reasonable cause to believe that the person's conduct was unlawful.

2. The corporation shall have the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action by or in the right of the corporation to procure a judgment in its favor by reason of the fact that such person is or was an agent of the corporation, against expenses actually and reasonably incurred by such person in connection with the defense or settlement of such action if such person acted in good faith, in a manner such person believed to be in the best interests of the corporation and with such care, including reasonable inquiry as an ordinarily prudent person in a like position would use under similar circumstances.
3. Expenses incurred in defending any proceeding may be advanced by the corporation prior to the final disposition of such proceeding upon receipt of an undertaking by or on behalf of the agent to repay such amount unless it shall be determined ultimately that the agent is entitled to be indemnified.
4. The corporation shall have the power to purchase and maintain insurance on behalf of any agent of the corporation against any liability asserted against or incurred by any corporate agent in such capacity or arising out of the agent's status as such whether or not the corporation would have the power to indemnify the agent against such liability.
5. The word agent used herein shall mean all those certain persons and parties described in Section 317 (a) of the Corporations Code of the State of California including without limitation Directors, Officers, Employees, and all other parties covered by said section.

**ARTICLE X**  
**Officers.**

The officers shall be a President (Chief Executive Officer), Vice President, Secretary and Treasurer (Chief Financial Officer); which officers shall be elected by and hold office at the pleasure of the Board of Directors. The offices of Secretary and Treasurer shall be separate but may be held by the same person. The compensation and tenure of office of all the officers of the corporation (other than Directors) shall be fixed and determined by the Board of Directors.

**ARTICLE XI**  
**President and Chief Executive Officer**

The Board of Directors shall, at their first regular meeting elect one of their number to act as President; and if at any time the President shall be unable to act, the Vice President shall take his place and perform his duties; and if the Vice President, from any cause, shall be unable to act, they shall appoint some other member of the Board to do so, in whom shall be vested, for the time being, all the duties and functions of his or her office.

The President, or in his or her absence, the Director, appointed as above provided;

1. Shall preside over all meetings of the Shareholders and Directors, and shall have the deciding vote in the event of a tie.
2. Shall 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 draw checks or electronic fund transfers upon the Treasurer.

**ARTICLE XII**  
**Secretary**

The Board of Directors shall elect a Secretary who need not be a Director of nor a Shareholder in the corporation.

1. It shall be the duty of the Secretary to keep a record of the proceedings of the Board of Directors and of the Shareholders.
2. The Secretary shall keep the corporate seal of the corporation and the book of blank certificates of stock, fill and countersign all certificates issued, and make the corresponding entries in the margin of such book on such



issuance; and shall affix said corporate seal to all papers requiring a seal.

3. The Secretary shall 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.
4. The Secretary shall serve all notices required either by law or the By-Laws of the company: and in case of their absence, inability, refusal or neglect so to do, then such notices may be served by any person thereunto directed by the President or Vice President of the company.

**ARTICLE XIII**  
**Treasurer and Chief Financial Officer**

The Board of Directors shall elect a Treasurer, who need not be a Director of, nor a Shareholder in, the corporation.

The Treasurer shall receive and keep all the funds of the corporation, and pay them out or cause them to be paid out by check or electronic facsimile. All transactions will be reviewed monthly by the Secretary, and President or designated Director(s). The Treasurer shall keep or cause to be kept proper Account Books, shall provide or cause to be provided monthly financial records to Board members, and discharge such other duties as pertain to its office and as are prescribed by the Board of Directors.

**ARTICLE XIV**  
**Books and Papers**

The books and such papers as may be placed on file by vote of the Shareholders or Directors shall at all times, in business hours, be subject to the inspection of the Board of Directors and of any Shareholder.

**ARTICLE XV**  
**Certificates of Stock**

Certificates of stock shall be of such form and device as the Board of Directors may direct; and each certificate shall be signed by the President and countersigned by the Secretary, and express on its face its number, date of issuance, the number of shares for which, and the person to whom, it is issued.

The Certificate Book shall contain a margin, on which shall be entered the number, date, number of shares, and the name of the person expressed in the corresponding certificate.

All stock issued by this corporation shall be appurtenant to a portion of that certain tract of land to which water is distributed by the Corporation, and shall recite on the face of said certificate the particular lot or parcel of said real property to which the same shall attach and be appurtenant.

**ARTICLE XVI**  
**Transfer of Stock**

The Board of Directors shall cause to be issued shares of stock of such form and device as the Board may direct, and each share shall be signed by the President and countersigned by the Secretary, and express on its face the person to whom it is issued, and shall refer to the tract of land to which shares issued by this corporation are appurtenant.

That no certificate of stock issued by this corporation shall be transferred to any party excepting a person owning a lot or parcel of property in the land to which said stock is appurtenant and shall only be transferred at such time as the particular lot or parcel is transferred, to which said stock is appurtenant.

That no such share shall be transferred until all charges and assessments appertaining thereto, or lien thereon, have been paid in full.

There shall be paid at the time of each transfer a transfer fee in such amount as the Board of Directors shall from time to time determine.

**ARTICLE XVII**  
**Shareholders Meetings**

The annual meeting of the Shareholders may be held on the Saturday of the National Independence Day (4<sup>th</sup> of July) each year, [ by a notice in writing by the Secretary or President, and mailed to each Shareholder by regular mail postage pre-paid and/or by email transmittal. Shareholders are deemed to have accepted notice via email. Notice of special meetings of the Shareholders shall be called in like manner after ten days' notice.

Special meetings of the Shareholders, for any purpose whatsoever, may be called at any time by any of the following: the President of the Board of Directors; (2) a majority of the members of the Board of Directors; or (3) one or more Shareholders entitled to cast not less than ten percent (10%) of the votes at the meeting.

Twenty percent (20%) or more of the issued and outstanding shares of this corporation entitled to vote, represented in person or by proxy at any Shareholders' meeting, shall constitute a quorum at any meeting of the Shareholders of this corporation, unless a greater percentage is required by any law of the State of California as to the vote of Shareholders on any particular matter presented for action to such Shareholders, in which event, a quorum shall be such percentage of the Shareholders as such law may require.

At such Annual meeting of the Shareholders, Directors for the ensuing year shall be elected by ballot, to serve for three years. At the end of a Director's three-year term, the Shareholders shall re-elect the current Directors, or elect new Directors should they so desire. One third of the total number of Directors shall be elected each year. If, however, for want of a quorum, or other cause, a Shareholders' meeting shall not be held on the day above named, or should the Shareholders fail to complete their elections, or such other business as may be presented for their consideration, those present may adjourn from day to day until the same shall be accomplished.

**ARTICLE XVIII**  
**Voting**

At all corporate meetings, each Shareholder, either in person or by proxy, shall be entitled to as many votes as he owns shares of stock. Such proxy shall be in writing, and filed with the Secretary.

**ARTICLE XIX**  
**Assessments, Collections and Liens**

**1. Assessment by Directors.** This corporation, pursuant to the provisions of Article SEVENTH of its Articles of Incorporation, as amended, has granted to the Board of Directors the power to levy assessments on its shares to pay the costs and any expenses of carrying on the operations of the corporation. Each such assessment shall be fixed annually by said Board, and allocated by the Board to share(s) appurtenant for each single family lot which is then being served with water, lots not connected to the water system (non-users standby) and lots designated as commercial lots. The Board shall have the power to levy extra assessments, fees or fines to specific shares in such amount as it determines is necessary to prevent and control excessive water usage by any Shareholder.

Such assessment shall take into account an equitable distribution among the Shareholders of expenses incurred in carrying on corporate activities other than water service.

The Board of Directors may, in its discretion, adopt and implement water usage-based fee and fine schedules from Shareholders that may be necessary, in connection with the above referenced levy of assessments, to manage the affairs and assets of the corporation and to pay the expenses of carrying on corporate activities. Water usage and water loss and prevention fees and fine schedules will be evaluated and may be revised annually in conjunction with the levy assessments. However, interim Water usage-based fee and fine schedules may be adopted by the Board at any time. Water usage and water loss and prevention fees and fine schedules may be utilized to assist the corporation in managing the water system and supply, and to offset additional operational or capital costs.

**2. Notice and Collection.** At such time as the Board fixes and determines the annual assessment, fee schedules, and fine schedules by a duly adopted resolution, notice of such assessment and schedules shall promptly be given to each Shareholder stating the amount of the assessment as to such share, and fees or fines associated with water usage, the due date and the delinquency date, and any other pertinent matters required by Section 423 of the California Corporations Code.

**3. Remedies for Non-Payment.** The corporation shall have all the remedies for non-payment of any assessment, fees or fines at

its due date as provided in Section 423 of the California Corporations Code and Section 331 of the California Civil Code, and under the general laws of the State of California, including without being limited to:

- A. The right to shut off and terminate water service to any lot to which a delinquent share is appurtenant, if any such delinquency is not paid within twenty (20) days after written notice to the owner of such share at said owners address as the same appears on the books of the corporation, of the corporation's intent to shut off the water to said lot at the end of said twenty (20) day period unless the delinquency in such payment is cured within said twenty (20) day period. Said notice may be given by personal service or by certified United States Mail, postage prepaid addressed as above set out, and is deemed to have been given at the time of mailing.

The right to shut off and terminate water service to any lot extends to water losses that remain unaddressed by the shareholder, as defined in any adopted water loss and prevention fee or fine structure. Notice requirements for water loss related shutoffs will be the same as indicated previously for payment delinquencies. Notice requirements do not apply in the case of seriously water leaks or emergency situations; however property owners will be notified of any such shut off as soon as is practical.

If the water service is thus terminated, it shall not be restored unless and until the delinquent assessment is paid, plus any accrued fees/penalties set by the Board of Directors per the current Fee schedule plus such sums as the Board from time to time may fix as reimbursement to the corporation for the expense of shutting off and restoring service, and the cost, including reasonable attorney fees, of any proceeding to enforce the payment.

- B. Any and all such unpaid assessments, fees, or fines shall be a lien on the share assessed as provided in Section 423 of the California Corporations Code and Section 331 of the California Civil Code. The Board may in its discretion cause said share assessed and which is delinquent to be sold pursuant to such lien in the manner and upon the notice as set forth in the foregoing code sections, and in the event of a sale of such share, the right to receive water at the lot to which such share is appurtenant shall cease at the date of sale.

C. The right to sue the Shareholder in Court of competent jurisdiction including any small claims court, for the amount of such delinquency, accruable fees/penalties, costs of suit, expenses incurred by the corporation in shutting off the water supply, and (unless the action is in a small claims court) any attorney's fees incurred by the corporation in any such proceedings.

**ARTICLE XX**  
**Amendments**

1. New By-Laws may be adopted or these By-Laws may, be amended or repealed by the vote or written consent of holders a majority of the outstanding shares entitled to vote.
  
2. Subject to the right of the Shareholders to adopt, amend or repeal By-Laws, as provided in Section 1 of this Article XX, and the limitations of Section 212 of the Corporations Code, the Board of Directors may, without the consent or vote of the Shareholders adopt, amend or repeal any of these By-Laws.

**ARTICLE XXI**  
**Seal**

The company shall have a common seal, consisting of a circle having on its circumference the words "MUSICK MEADOWS MUTUAL WATER CO. NO. 2, INC." and the words and figures, "CALIF." INCORPORATED March 6, 1956".

The undersigned, being all the Directors of Musick Meadows Mutual Water Company No. 2, Inc., do hereby adopt, the foregoing as the By-Laws of said corporation in lieu of any previous By-Laws, this 2<sup>nd</sup> day of July 2018, at Shaver Lake, California.

Amendments to original Bylaws enacted on:

July 1, 1995  
July 5, 2012  
July 2, 2016  
May 25, 2018  
July 2, 2022