

Corporate Bylaws

for

Valley Estates Association of Property Owners As Amended July 1, 2024 Revision History

July 1, 2024: Fee schedule revised to reflect updated Tier Charges associated with water usage.

January 1, 2023: Fee schedule revised to reflect new association dues rates for water service and road maintenance.

January 1, 2021: Fee Schedule revised to reflect monthly reading of water meters versus bi-monthly reading of meters. Monthly tier fees and usage amounts adjusted to maintain existing annual rates.

October 21, 2017: Fee Schedule revised to replace Reconnect Fee with Final Notice fee. Water Service Rules revised to reflect above change in fee schedule. Policies revised to reflect above changes and clarify a board members right to appeal removal from the board.

October 22, 2016: Tiered water rates adjusted, notice of pending water disconnection modified to conform to PUC rules.

October 25, 2014: By vote of members. Exhibit B (Fee Schedule) modified to show Tiered Water Rate Schedule.

October 19, 2013: By vote of members. Exhibits D and E added. Exhibits A ,B and C moved to end of document.

October 14, 2006: By vote of members, Exhibit B (Fee Schedule) modified regarding late fees, due date and re-connection fee added.

January 15, 2005: By vote of members, Exhibit B (Fee Schedule) and Exhibit C (Summary of Restrictions) incorporated into bylaws.

October 15, 1994: By vote of members, limited powers of the board of directors; required membership approval of certain transactions.

October 16, 1993: By vote of members, reduced number of members required for quorum.

August 24, 1983: Adoption of original bylaws certified by incorporator, Irvin R. Lamb, Jr.

BYLAWS OF THE
VALLEY ESTATES ASSOCIATION OF PROPERTY OWNERS, INC.,
a California Nonprofit Mutual Benefit Corporation.

ARTICLE I

NAME

The name of this corporation shall be VALLEY ESTATES ASSOCIATION OF PROPERTY OWNERS, INC.

ARTICLE II

OFFICES

SECTION 1. PRINCIPAL OFFICE

The principal office for the transaction of the business of the corporation is located at Kern County, California. The Directors may change the principal office from one location to another. Any change of this location shall be noted by the secretary on the bylaws opposite this section, or this section may be amended to state the new location.

SECTION 2. OTHER OFFICES

The Board of Directors may at any time establish branch or subordinate offices at any place or places where the corporation is qualified to do business.

ARTICLE III

OBJECTIVES AND PURPOSES

The general purpose for which this corporation is formed is to engage in any lawful act or activity for which a corporation may be organized under such law.

The specific and primary purposes for which this corporation is organized are to develop, distribute, supply, and deliver water to the owners of its shares for domestic use and for those uses which may be classified as incidental to domestic use at cost plus necessary expenses and to own, hold, maintain, operate and repair facilities and rights-of-way pertaining thereto in which corporate facilities are installed and to own, hold, maintain, operate and repair facilities, rights-of-way, roads and roadways which are owned by the corporation and/or which are used or useful for ingress to and egress from the service area of the corporation (as described in Exhibit "A" attached hereto).

ARTICLE IV

MEMBERSHIP AND MEMBERS

SECTION 1. CLASSIFICATION OF MEMBERS

The corporation shall have one class of members only, and each membership shall have equal voting and other rights with each other membership outstanding and one person or entity may own more than one membership.

SECTION 2. ELIGIBILITY

The service area of the corporation is limited to the real property described and set forth in Exhibit "A" attached hereto. Members of the corporation shall be limited to the owner or owners of lots or parcels within said service area. A purchaser of any lot or parcel of land under contract shall be deemed an owner for purposes of these bylaws.

SECTION 3. ISSUANCE

All persons who become owners of lots or parcels shall, by reason of such ownership, become members of the corporation and be issued one membership certificate for each lot or parcel owned which shall be described therein. A lot or parcel held in joint ownership shall qualify the owners thereof for one membership certificate only in the corporation, which membership shall be issued in the name of only one person who shall be the designated representative of all such co-owners.

SECTION 4. APPURTENANCE AND TRANSFER

Membership certificates of the corporation shall be appurtenant to the lots or parcels of real property described therein and shall not be transferred except with the conveyance of the lot or parcel of real property for which said certificate is issued. No fractional certificates shall be issued but a certificate for any lot or parcel may be canceled and new certificates issued if said lot or parcel is divided into smaller lots or parcels. Each conveyance shall affect the transfer of the certificate appurtenant to that particular lot or real property to the purchaser. No certificate shall be issued with respect to any lot or parcel that is less than 5/8 (0.625) acres in size.

SECTION 5. ASSIGNABILITY

Memberships in the corporation are not transferable or assignable except as specifically provided in these bylaws and each membership certificate shall state on its face that the transferability of each membership is restricted by the bylaws of the corporation. The Board of Directors may impose transfer fees or other conditions on the transferring party as it deems fit, provided such fees and conditions are the same for similarly situated members.

SECTION 6. ASSESSMENTS, TOLLS AND CHARGES

Assessments, tolls, and charges for the construction, installation, depreciation, repair, maintenance and operation of the pipelines and water system, and the roads and roadways may be levied by the board of directors on the members from time to time as deemed necessary, and any such assessments, tolls, and charges shall be delinquent at times and under circumstances as may be fixed by the board of directors.

SECTION 7. DELINQUENCIES

Delinquent assessments, tolls, and charges shall be subject to such penalties as may be fixed by the board of directors. Failure of any member to pay any assessment, toll, or charge when due, may, in the discretion of the board of directors, constitute a forfeiture of the right to use water from the company water system. However, the defaulting member shall be entitled to notice and a hearing before the board of directors in compliance with the procedure set forth in Section 8 below. The decisions of the board of directors following any such hearing shall be final.

SECTION 8. EXCLUSION, SUSPENSION, OR TERMINATION

- (a) The board of directors may, by affirmative vote of two-thirds of all members thereof, suspend or expel a member for cause after notice and hearing and may cancel the membership certificate of any member who becomes or remains in default in the payment of assessments, and/or toll, and/or charges.
- (b) Following the determination that a member should be suspended or expelled under Article IV, Section 7, or Section 8(a) above, the following procedure shall be implemented:
 - (i) A notice shall be personally delivered or sent prepaid, first-class mail to the most recent address of the member as shown on the corporation's records, setting forth the suspension, expulsion, and/or forfeiture and the reasons therefore. Such notice shall be sent at least 15 days before the suspension, expulsion, and/or proposed effective date of the forfeiture.
 - (ii) The member shall be given an opportunity to be heard either orally or in writing, at a hearing to be held not few than 5 days before the proposed effective date of the proposed suspension, expulsion, and/or forfeiture. The hearing will be held by the board of directors. The notice to the member of his or her proposed suspension, expulsion, and/or forfeiture shall state the date, time, and place of the hearing on his or her proposed suspension, expulsion, and/or forfeiture.
 - (iii) Following the hearing the board of directors shall decide whether or not the member should in fact forfeit his or her right to use water from the company system, be suspended, expelled, or sanctioned in some other way. The decision of the board of directors shall be final.

SECTION 9. REINSTATEMENT

Upon written request signed by a former member and filed with the secretary, the board of directors may reinstate such former member's membership upon such terms as the board of directors may deem appropriate.

SECTION 10. RIGHTS AND LIABILITES

No member of the corporation shall have any right, title, or interest in or to any property or assets of the corporation, except upon dissolution. The private property of the members shall be exempt for execution or other liability for any debts of the corporation and no member shall be liable or responsible for any debts or liabilities of the corporation.

ARTICLE V

MEETING OF MEMBERS

SECTION 1. PLACE OF MEETING

The board of directors may designate any place, within a twenty (20) mile radius of its service area, as the place of meeting for any annual meeting or for any special meeting. If no designation is made, the place of meeting shall be the principal office of the company.

SECTION 2. ANNUAL MEETING

The annual meeting of members shall be held on a date to be specified from time to time by the board of directors, but no less often than once each year, for the purpose of electing directors, passing upon reports for the previous fiscal year, and transacting such other business as may be appropriate. It is the responsibility of the board of directors to make adequate plans and preparations for the annual meeting.

SECTION 3. SPECIAL MEETING

A special meeting of the members may be called at any time by the board of directors, or by the chairman of the board, or by the president, or by one or more members holding memberships in the aggregate entitled to cast not less than 10% of the votes at meeting.

If a special meeting is called by any person or persons other than the board of directors, the request shall be in writing, specifying the time of such meeting 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 chairman or the board, the president, any vice president, or the secretary of the corporation. The officer receiving the request shall cause a notice to be promptly given to the members entitled to vote, in accordance with Section 4 and 5 of this Article V, 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 (60) days after receipt of the request. If the notice is not given within twenty (20) days after receipt of the request, the person or persons requesting the meeting may give the notice. Nothing contained in this paragraph of this Section 3 shall be construed as limiting, fixing, or affecting the time when a meeting of members called by action of the board of directors may be held.

SECTION 4. NOTICE OF MEMBER'S MEETINGS

- (a) General notice contents. All notices of meeting of members shall be sent or otherwise given in accordance with subsection (c) of this section of Article V not less than 10 nor more than 90 days before the date of the meeting. The notice shall specify the place, date, and hour of the meeting and (i) in the case of a special meeting, the general nature of the business to be transacted, or (ii) in the case of the annual meeting, those matters which the board of directors, at the time of giving the notice, intends to present for action by the members.
- (b) Notice of certain agenda items. If action is proposed to be taken at any meeting for approval of any of the following proposals, the notice shall also state the general nature of the proposal. Member action on such items is invalid unless the notice or written waiver of notice states the general nature of the proposal(s):
 - (i) Removing a director without cause;
 - (ii) Filling vacancies on the board of directors by the members;
 - (iii) Amending the articles of incorporation;
 - (iv) Approving a contract or transaction in which a director has a material financial interest;
 - (v) Approving a plan of distribution of assets, other than cash, in liquidation when the corporation has more than one class of memberships outstanding;

- (vi) Approving a contract or transaction whereby the corporation borrows money or incurs indebtedness;
 - (vii) Approving a contract or transaction in an amount greater than \$1,000 which is not directly related to the replacement, repair or routine maintenance of depreciable components of the water system or roads;
 - (viii) Approving a liquidation, sale, barter, trade or any disposal of corporation real property, wells, water system components or improvements.
- (c) Manner of giving notice. Notice of any meeting of members shall be given either personally or by first class mail, telegraphic or other written communication, charges prepaid, addressed to each member either at the address of the member appearing on the books of the corporation or the address given by the member to the corporation for the purpose of notice. If no address appears on the corporation's books and no address has been so given, notice shall be deemed to have been given if either (i) notice is sent to that member by first class mail or telegraphic or other written communication to the corporation's principal executive office, or (ii) notice is published at least once in a newspaper of general circulation in the county where that office is located. Notice shall be deemed to have been given at the time when delivered personally or deposited in the mail or sent by telegram or other means of written communication.
- (d) Affidavit of mailing notice. An affidavit of the mailing or other means of giving any notice of any members' meeting may be executed by the secretary, assistant secretary, or any transfer agent of the corporation giving the notice, and if so executed, shall be filed and maintained in the minute book of the corporation.

SECTION 5. QUORUM

The presence in person or by proxy of the holder of 25 (twenty five) of the memberships entitled to vote at any meeting of members shall constitute a quorum for the transaction of business. The members 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 members to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the memberships required to constitute a quorum.

In the event that a meeting must be reconvened at a later date due to a quorum not being attained, the board may, at its discretion, assess a special fee on all members who failed to either appear in person or tender their proxies. In no case may the sum of such a special assessment exceed the actual costs for mailings, photocopying, professional services, etc. associated with reconvening the meeting.

SECTION 6. ADJOURNED MEETING

Any members' 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 members represented at the meeting, either in person or by proxy; but in the absence of a quorum, no other business may be transacted at that meeting, except as provide in this Article V.

SECTION 7. VOTING

The members entitled to vote at any meeting of members shall be determined in accordance with the provisions of Section 10 of this Article V, subject to the provisions of the Corporations Code of California (relating to voting membership held by a fiduciary, in the name of a corporation, or in joint ownership). The member's vote may be by voice or by ballot; provided, however, that any election for directors must be by ballot if demanded by any members before the voting has begun. If a quorum is present, the affirmative vote of the majority of the memberships represented at the meeting and entitled to vote on any matter (other than the election of directors) shall be the act of the members, unless the vote of a greater number or voting by classes is required by California Corporation Law or by the articles of incorporation.

SECTION 8. WAIVER OF NOTICE OR CONSENT BY ABSENT MEMBERS

- (a) Written waiver or consent. The transactions of any meeting of members, either annual or special, however called or noticed, and wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy, and if, either before or after the meeting, each person entitled to vote, who was not present in person or by proxy, signs a written waiver of notice or a consent to a holding of the meeting, or an approval of the minutes. The waiver of notice or consent need not specify either the business to be transacted or the purpose of any annual or special meeting of members, except that if action is taken or proposed to be taken for approval of any of those matters specified in Section 4(b) of Article V, the waiver of notice or consent shall state the general nature of the proposal. All such waivers, consents, or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.
- (b) Waiver by attendance. Attendance by a person at a meeting shall also constitute a waiver of notice of that meeting, except when the person objects at the beginning of the meeting to the transaction of any business due to the inadequacy or illegality of the notice. Also, attendance at a meeting is not a waiver of any right to object to the consideration of matters not included in the notice of the meeting, if that objection is expressly made at the meeting.

SECTION 9. ACTION BY WRITTEN CONSENT WITHOUT A MEETING

- (a) General. Any action that may be taken at any annual or special meeting of members may be taken without a meeting and without prior notice upon compliance with the provisions of this section.
- (b) Solicitation of written ballots. The corporation shall distribute one written ballot to each member entitled to vote; such ballots shall be mailed or delivered in the manner required by Section 4 of this Article V for giving notice of special meetings. All solicitations of votes by ballot shall: (1) indicate the number of responses needed to meet the quorum requirement; (2) state the percentage of approvals necessary to pass the measure(s); and (3) specify the time by which the ballot must

be received in order to be counted. Each ballot so distributed shall: (1) set forth the proposed action; and (2) provide the members an opportunity to specify approval or disapproval of each proposal, if more than one proposal is set forth.

- (c) Quorum: majority. Approval by written ballot pursuant to this section shall be valid only when the number of votes cast by ballot within the time 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.
- (d) Revocation. No written ballot may be revoked after delivery to the corporation or deposit in the mails, whichever first occurs.
- (e) Filing. All such written ballots shall be filed with the secretary of the corporation and maintained in the corporate records.
- (f) Effect of noncompliance. Failure to comply with this section shall not invalidate any corporate action taken, but may be the basis for challenging any written ballot, and any member may petition the Superior Court of California to compel compliance with the provisions of the law.

SECTION 10. RECORD DATE FOR MEMBER
NOTICE, VOTING AND GIVING
CONSENTS AND OTHER ACTIONS

- (a) To be determined by board of directors. For the purposes of determining which members are entitled to receive notice of any meeting, to vote, to give consent to corporate action without a meeting, or to take other action, the board of directors may fix, in advance, a "record date" which shall not be more than 60 nor fewer than ten days before the date of any such meeting, nor more than 60 days before any such action without a meeting. Only members of record on the date so fixed are entitled to notice, to vote, to give consents, or take other action, as the case may be, notwithstanding any transfer of any membership on the books of the corporation after the record date, except as otherwise provided in the articles of incorporation, by agreement, or in the California Nonprofit Corporation Law.
- (b) Failure of board to determine date.
 - (i) Record date for notices of voting. Unless fixed by the board of directors, the record date for determining those members entitled to receive notice of, or to vote at, a meeting of members, shall be the next business day preceding the day on which notice is given, or, if notice is waived, the next business day preceding the day on which the meeting is held.
 - (ii) Record date for written consent to action without meeting. Unless fixed

by the board, the record date for determining those members entitled to vote by ballot on corporate action without a meeting, when no prior action by the board has been taken, shall be the day on which the first written ballot is mailed or solicited. When prior action of the board has been taken, it shall be the day on which the board adopts the resolution relating to that action.

- (iii) Record date for other actions. Unless fixed by the board, the record date for determining those members entitled to take any other action shall be the date the board adopts the resolution relating thereto, or the 60th day prior to the date of such other action, whichever is later.
- (iv) "Record date" means as of close of business. For purposes of this paragraph (b), a person holding membership as of the close of business on the record date shall be deemed the member of record.

SECTION 11. PROXIES

- (a) Right of members. Every person entitled to vote shall have the right to do so either in person or by one or more agents authorized by a written proxy, signed by the person and filed with the secretary of the corporation. A proxy shall be deemed signed if the member's name is placed on the proxy (whether by manual signature, typewriting, telegraphic transmission, or otherwise) by the member or the member's attorney in fact.
- (b) Revocability. A validly executed proxy that does not state that it is irrevocable shall continue in full force and effect unless (i) revoked by the member executing it, before the vote cast pursuant to that proxy, by a writing delivered to the corporation stating that the proxy is revoked by a subsequent proxy executed by such member, or by personal attendance and voting at a meeting by such member, or (ii) written notice of the death or incapacity of the maker of the proxy is received by the corporation before the vote pursuant to that proxy is counted; provided, however, that no proxy shall be valid after the expiration of eleven 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 the California Nonprofit Corporation Law.
- (c) Form of solicited proxies. In any election of directors, any form of proxy that is marked by a member "withhold", or otherwise marked in a manner indicating that the authority to vote for the election of directors is withheld, shall not be voted either for or against the election of a director. Failure to comply with this paragraph shall not invalidate any corporate election taken, but may be the basis for challenging the proxy at a meeting.
- (d) Effect of members death. A proxy is not revoked by the death or incapacity of the maker or the termination of a member as a result thereof unless, before the vote is

counted, written notice of death or incapacity is received by the corporation.

ARTICLE VI

ELECTION OF DIRECTORS

SECTION 1. NOMINATIONS AND SOLICITATIONS FOR VOTES

- (a) Nominating committee. The chairman of the board, or the president if there is no chairman, shall appoint a committee to select qualified candidates for election to the board of directors at least 90 days before the date of any election of the directors. The nominating committee shall make its report at least 60 days before the date of the election, and the secretary shall forward to each member, with the notice of meeting required by Article V, Section 4, a list of candidates nominated by office.
- (b) Nominations by members. Members may nominate candidates for directorships at any time before the thirtieth day preceding such election. On timely receipt of such written nomination, the secretary shall cause the names of said candidates to be placed on the ballot along with those candidates named by the nominating committee.
- (c) Nominations from the floor. If there is a meeting to elect directors, any member present at the meeting, in person or by proxy (if proxies are permitted), may place names in nomination.
- (d) Declaration of election. If, after the close of nominations, the number of people nominated for the board is not more than the number of directors to be elected, the corporation may without further action declare that those nominated and qualified to be elected have been elected.
- (e) Mailing election material. On written request by any nominee for election to the board and accompanying payment of the reasonable costs of mailing (including postage), a corporation shall, within ten business days after the request (provided payment has been made), mail to all members, or such portion of them as the nominee may furnish and that is reasonably related to the election, unless the corporation within five business days after the request allows the nominee, at the corporation's option, the right to do either of the following: (1) inspect and copy the record of all the members' names, addresses, and voting rights, at reasonable times, on five business days prior written demand on the corporation, which demand shall state the purpose for which the inspection rights are requested; or (2) obtain from the secretary of the corporation, on written demand and tender of a reasonable charge, a list of the names, addresses, and voting rights of those members entitled to vote for the election of directors, as of the most recent record date for which it has been compiled or as of a date specified by the member subsequent to the date of demand. The membership list shall be made available on or before the later of ten business days after the demand is received or after the date specified in it as the date by which the list is to be compiled.

- (f) Refusal to publish or mail material. The corporation may not decline to publish or mail material that it is otherwise required hereby to publish or mail on behalf of any nominee, on the basis of the content of the material, except that the corporation or any of its agents, officers, directors, or employees may seek and comply with an order of the Superior Court allowing them to delete material that the court finds will expose the moving party to liability.
- (g) Use of Corporate funds to support nominee. Without authorization of the board, no corporate funds may be expended to support a nominee for director after there are more people nominated for director than can be elected.

SECTION 2. VOTE REQUIRED TO ELECT DIRECTOR

Candidates receiving the highest number of votes shall be elected as directors.

ARTICLE VII DIRECTORS

SECTION 1. POWERS

- (a) General corporate powers. Subject to the provisions of the California Nonprofit Corporation Law and any limitations in the articles of incorporation and these bylaws relating to action required to be approved by the members, the business and affairs of the corporation shall be managed, and all corporate powers shall be exercised, by or under the direction of the board of directors.
- (b) Specific powers. Without prejudice to these general powers, and subject to the same limitations, the directors shall have the power to:
 - (i) Select and remove all officers, agents, and employees of the corporation; prescribe any powers and duties for them that are consistent with law, with the articles of incorporation, and with these bylaws; and fix their compensation.
 - (ii) Adopt, make, and use a corporate seal; prescribe the forms of membership certificates; and alter the form of the seal; and certificate.

(c) Powers Specifically Limited. The board shall **not** have the power to do any of the following without approval by a vote at a meeting of the general membership, as stipulated by Article V of these bylaws:

- (i) Borrow money and incur indebtedness on behalf of the corporation, and cause to be executed and delivered for the corporation's purposes, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, and other evidence of debt and security.
- (ii) Enter into any contract or transaction in an amount greater than \$1000 which is not directly related to the replacement, repair or routine maintenance of depreciable components of the water system or roads.
- (iii) Enter into any contract or transaction affecting a liquidation, sale, barter, trade or any disposal of corporation real property, wells, water system components or improvements.

SECTION 2. NUMBER AND QUALIFICATION OF DIRECTORS

The authorized number of directors shall be 5 (five) until changed by a duly adopted amendment to the articles of incorporation or by an amendment to this bylaw adopted by the vote or written consent of holders of a majority of the outstanding memberships entitled to vote.

SECTION 3. ELECTION AND TERM OF OFFICE OF DIRECTORS

Directors shall be elected at each annual meeting of the members to hold office until the next annual meeting; however, if any annual meeting is not held or the directors are not elected at any annual meeting, they may be elected at any special members' meeting held for that purpose. Each director, including a director elected to fill a vacancy or elected at a special members' meeting, shall hold office until expiration of the term for which elected and until a successor has been elected and qualified.

SECTION 4. VACANCIES

- (a) Events causing vacancy. A vacancy or vacancies in the board of directors shall be deemed to exist on the occurrence of the following: (i) the death, resignation, or removal of any directors, (ii) the declaration by resolution of the board of directors of a vacancy of the office of a director who has been declared of unsound mind by an order of court or convicted of a felony or has been found by final order or judgment of any court to have breached a duty under Corporations Code section 7230 and following of the California Nonprofit Corporation Law, (iii) the vote of a majority of the members to remove a director, (iv) the increase of the authorized number of directors,

or (v) the failure of members at any meeting of members at which any director or directors are to be elected, to elect the number of directors to be elected at such meeting.

- (b) Resignations. Except as provided in this paragraph, any director may resign, which resignation shall be effective on giving written notice to the chairman of the board, the president, the secretary, or the board of directors, unless the notice specifies a later time for the resignation to become effective. If the resignation of a director is effective at a future time, the board of directors may elect a successor to take office when the resignation becomes effective.
- (c) Vacancies filled by members. The members may elect a director or directors at any time to fill any vacancy or vacancies not filled by the directors.
- (d) No vacancy on reduction of number of directors. No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

SECTION 5. PLACE OF MEETINGS; MEETINGS BY TELEPHONE

Regular meetings of the board of directors may be held at any place within or outside the State of California that has been designated from time to time by resolution of the board. In the absence of such 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 or outside 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 5, a regular or special meeting of the board of directors may be held at any place consented to in writing by all the board members, either before or after the meeting. 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, and all such directors shall be deemed to be present in person at such meeting.

SECTION 6. ANNUAL MEETING

Immediately following each annual meeting of members, the board of directors shall hold a regular meeting for the purpose of organization, election of officers, and the transaction of other business. Notice of this meeting shall not be required.

SECTION 7. OTHER REGULAR MEETINGS

Other regular meetings of the board of directors shall be held without call at such time as shall from time to time be fixed by the board of directors. Such regular meetings may be held without notice.

SECTION 8. SPECIAL MEETINGS

- (a) Authority to call. Special meetings of the board of directors for any purpose may be called at any time by the chairman of the board or the president, or any vice president, the secretary, or any two directors.
- (b) Notice.
- (i) Manner of giving. Notice of the time and place of special meetings shall be given to each director by one of the following methods: (a) by personal delivery or written notice; (b) by first class mail, postage paid; (c) by telephone communication, either directly to the director or to a person at the director's office who would reasonably be expected to communicate such notice promptly to the director; or (d) by telegram, charges prepaid. All such notices shall be given or sent to the director's address or telephone number as shown on the records of the corporation.
 - (ii) Time requirements. Notices sent by first class mail shall be deposited into a United States mail box at least four days before the time set for the meeting. Notices given by personal delivery, telephone, or telegraph shall be delivered, telephoned, or given to the telegraph company at least 48 hours before the time set for the meeting.
 - (iii) Notice contents. The notice shall state the time and place for the meeting. However, it need not specify the purpose of the meeting, or the place of the meeting, if it is to be held at the principal executive office of the corporation.

SECTION 9. QUORUM

A majority of the authorized number of directors shall constitute a quorum for the transaction of business, except to adjourn as provided in Section 11 of this Article VII. 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, subject to the provisions of the California Nonprofit Corporation Law, especially those provisions relating to (i) approval of contracts or transactions in which a director has a direct or indirect material financial interest, (ii) appointment of committees, and (iii) indemnification of directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting.

SECTION 10. WAIVER OF NOTICE

The transactions of any meeting of the board of directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if (a) a quorum is present, and (b) either before or after the meeting, each of the directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of

minutes. The waiver of notice or consent need not specify the purpose of the meeting. All waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Notice of a meeting shall also be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

SECTION 11. ADJOURNMENT

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

SECTION 12. NOTICE OF ADJOURNMENT

Notice of the time and place of holding an adjourned meeting need not be given, unless the meeting is adjourned for more than 24 hours, in which case personal notice of the time and place 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. ACTION WITHOUT MEETING

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

SECTION 14. FEES AND COMPENSATION OF DIRECTORS

Directors and members of committees may receive such compensation, if any, for their services, and such reimbursement of expenses, as may be determined by resolution of the board of directors to be just and reasonable.

ARTICLE VIII COMMITTEES

SECTION 1. COMMITTEES OR DIRECTORS

The president may designate one or more committees, each consisting of two or more directors, to serve at the pleasure of the president. Any committee shall have all the authority of the board, except the no committee may:

- (a) take any final action on matters which, under the Non-profit Corporation Law of California, also requires members' approval or approval of a majority of all members;

- (b) fill vacancies on the board of directors or in any committee which has the authority of the board;
- (c) fix compensation of the directors for serving on the board or on any committee;
- (d) amend or repeal bylaws or adopt new bylaws;
- (e) amend or repeal any resolution of the board of directors which by its express terms is not so amendable or repealable;
- (f) appoint any other committees of the board of directors or the members of these committees;
- (g) expend corporate funds to support a nominee for director after there are more people nominated for director than can be elected;
- (h) approve any transaction (1) to which the corporation is a party and one or more directors have a material financial interest; or (2) between the corporation and one or more of its directors or between the corporation or any person in which one or more of its directors have a material financial interest.

SECTION 2. MEETINGS AND ACTION OF COMMITTEES

Meetings and action of committees shall be governed by, and held and taken in accordance with, the provision of Article VII of these bylaws, concerning meetings of directors, with such changes in the context of those bylaws as are necessary to substitute the committee and its members for the board of directors and its members, except that the time for regular meetings of committees may be determined either by resolution of the board of directors or by resolution of the committee. Special meetings of committees may also be called by resolution of the board of directors. Notice of special meetings of committees shall also be given to any and all alternate members, who shall have the right to attend all meetings of the committee. Minutes shall be kept of each meeting of any committee and shall be filed with the corporate records. The board of directors may adopt rules for the government of any committee not inconsistent with the provisions of these bylaws.

ARTICLE IX

OFFICERS

SECTION 1. OFFICERS

The officers of the corporation shall be a president, a secretary, and a chief financial officer. The corporation may also have, at the discretion of the board of directors, a chairman of the board, one or more vice presidents, one or more assistant secretaries, one or more assistant treasurers, and such other officers as may be appointed in accordance with the provisions of

Section 3 of this Article IX. Any number of offices may be held by the same person, except that neither the secretary nor the chief financial officer may serve concurrently as either the president or the chairman of the board.

SECTION 2. ELECTION OF OFFICERS

The officers of the corporation, except those appointed in accordance with the provisions of Section 3 of this Article IX, shall be chosen by the board of directors. and each shall serve at the pleasure of the board, subject to the rights, if any, of an officer under any contract of employment.

SECTION 3. SUBORDINATE OFFICERS

The board of directors may appoint, and may authorize the chairman of the board or the president or another officer to appoint, any other officers that the business of the corporation may require, each of whom shall have the title, hold office for the period, have the authority, and perform the duties specified in the bylaws or determined from time to time by the board of directors.

SECTION 4. REMOVAL OF OFFICERS

Subject to the rights, if any, of an officer under any contract of employment, any officer may be removed, with or without cause, by the board of directors, at any regular or special meeting of the board, or, except in case of an officer chosen by the board of directors, by an officer on whom such power of removal may be conferred by the board of directors.

SECTION 5. RESIGNATION OF OFFICERS

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

SECTION 6. VACANCIES IN OFFICES

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

SECTION 7. RESPONSIBILITIES OF OFFICERS

- (a) Chairman of the board. If such an officer be elected, the chairman of the board shall preside at meetings of the board of directors and exercise and perform such other powers and duties as may be from time to time assigned to him by the board of directors or prescribed by the bylaws. If there is no president, the chairman of the

board shall, in addition, be the chief executive officer of the corporation and shall have the powers and duties prescribed in paragraph (b), below.

- (b) President. Subject to such supervisory powers as may be given by the board of directors to the chairman of the board, if any, the president shall, subject to the control of the board of directors, generally supervise, direct, and control the business and the officers of the corporation. He shall preside at all meetings of the members and, in the absence of the chairman of the board, or if there be none, at all meetings of the board of directors. He shall have such other powers and duties as may be prescribed by the board of directors or the bylaws.

- (c) Vice Presidents. In the absence or disability of the president, the vice presidents, if any, in order of their rank as fixed by the board of directors or, if not ranked, a vice president designated by the board of directors, shall perform all the duties of the president and when so acting shall have all the powers of, and be subject to all the restrictions upon, the president. The vice presidents shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the board of directors or the chairman of the board.

- (d) Secretary. The secretary shall attend to the following:
 - (i) Book of minutes. The secretary shall keep, or cause to be kept, at the principal executive office or such other place as the board of directors may direct, a book of minutes of all meetings and actions of directors, committees of directors, and members, with the time and place of holding, whether regular or special, and, if special, how authorized, the notice given, the names of those present at such meetings, the number of members present or represented at members' meetings, and the proceedings of such meetings.

 - (ii) Membership records. The secretary shall keep, or cause to be kept, at the principal executive office, as determined by resolution of the board of directors, a record of the corporation's members, showing the names of all members, their addresses, and the class of membership held by each.

 - (iii) Notices, seal and other duties. The secretary shall give, or cause to be given, notice of all meetings of the members and of the board of directors required by the bylaws to be given. He shall keep the seal of the corporation in safe custody. He shall have such other powers and perform such other duties as may be prescribed by the board of directors or the bylaws.

- (e) Chief financial officer. The chief financial officer shall attend to the following:
- (i) Books of account. The chief financial officer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of the corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and other matters customarily included in financial statements. The books of account shall be open to inspection by any director at all reasonable times. .
 - (ii) Deposit and disbursement of money and valuables. The chief financial officer shall deposit all money and other valuables in the name and to the credit of the corporation with such depositories as may be designated by the board of directors; 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 of his transactions as chief financial officer and of the financial condition of the corporation; and shall have other powers and perform such other duties as may be prescribed by the board of directors or the bylaws.
 - (iii) Bond. If required by the board of directors, the chief financial officer shall give the corporation a bond in the amount and with the surety or sureties specified by the board for faithful performance of the duties of his office and for restoration to the corporation of all its books, papers, vouchers, money, and other property of every kind in his possession or under his control on his death, resignation, retirement, or removal from office.

ARTICLE X

INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES, AND OTHER AGENTS

SECTION 1. DEFINITIONS

For the purpose of this Article,

- (a) "agent" means any person who is or was director, officer, employee, or other agent of this corporation, or is or was serving at the request of this corporation as a director, officer, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust, or other enterprise, or was a director, officer, employee, or agent of a foreign or domestic corporation that was a predecessor corporation of this corporation or of another enterprise at the request of the predecessor corporation;

- (b) “proceeding” means any threatened, pending, or completed. action or proceeding, whether civil, criminal, administrative, or investigative; and
- (c) “expenses” includes, without limitation, all attorney's fees, costs, and any other expenses incurred in the defense of any claims or proceedings against an agent by reason of his position or relationship as agent and all attorneys. fees, costs, and other expenses incurred in establishing a right to indemnification under this Article.

SECTION 2. SUCCESSFUL DEFENSE BY AGENT

To the extent that an agent of this corporation has been successful on the merits in the defense of any proceeding referred to in this Article, or in the defense of any claim, issue, or matter therein, the agent shall be indemnified against expense actually and reasonably incurred by the agent in connection with the claim. If an agent either settles any such claim or sustains a judgment rendered against him, then the provisions of Sections 3 and 5 shall determine whether the agent is entitled to indemnification.

SECTION 3. ACTIONS BROUGHT BY PERSONS OTHER THAN THE CORPORATION

Subject to the required findings to be made pursuant to Section 5 below, this corporation shall indemnify any person who was or is a party, or is threatened to be made a party, to any proceeding other than an action brought by, or on behalf of, this corporation, or by an officer, director or person granted related status by the Attorney General, or by the Attorney General on the ground that the defendant director was or is engaging in self-dealing within the meaning of California Corporations Code section 5233, or by the Attorney General or a person granted related status by the Attorney General for any breach of duty relating to assets held in charitable trust, by reason of the fact that such person is or was an agent of this corporation, for all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with the proceeding.

SECTION 4. ACTION BROUGHT BY OR ON BEHALF OF THE CORPORATION

- (a) Claims settled out of court. If any agent settles or otherwise disposes of a threatened or pending action brought by or on behalf of this corporation, with or without court approval, the agent shall receive no indemnification of either amounts paid pursuant to the terms of the settlement, or other disposition or for any expenses incurred in defending against the proceeding, unless it is settled with the approval of the Attorney General.
- (b) Claims and suits awarded against agent. This corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action brought by or on behalf of this corporation by reason of the fact that the person is or was an agent of this corporation, for all expenses actually and reasonably incurred in connection with the defense of that action, provided that both

of the following are met:

- (i) The determination of good faith conduct required by Section 5, below, must be made in the manner provided for in that section; and
- (ii) Upon application, the court in which the action was brought must determine that, in view of all the circumstances of the case, the agent should be entitled to indemnity for the expenses incurred. If the agent is found to be so entitled, the court shall determine the appropriate amount of expenses to be reimbursed.

SECTION 5. DETERMINATION OF AGENT'S GOOD FAITH CONDUCT

The indemnification granted to an agent in Sections 3 and 4 above is conditioned on the following:

- (a) Required standard of conduct. The agent seeking reimbursement must be found, in the manner provided below, to have acted in good faith, in a manner he believed to be in the best interest of this corporation, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use in similar circumstances. The termination of any proceeding by judgment, order, settlement, conviction, or on a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith or in a manner which he reasonably believed to be in the best interest of this corporation or that he had reasonable cause to believe that his conduct was unlawful. In the case of a criminal proceeding, the person must have had no reasonable cause to believe that his conduct was unlawful.
- (b) Manner of determination of good faith conduct. The determination that the agent did act in a manner complying with Paragraph (a) above shall be made by:
 - (i) the board of directors by a majority vote of a quorum consisting of directors who are not parties to the proceeding; or
 - (ii) the affirmative vote (or written ballot in accord with Article V, Section 9) of a majority of the votes represented and voting at a duly held meeting of members at which a quorum is present (which affirmative votes also constitute a majority of the required quorum); or

- (iii) the court in which the proceeding is or was pending. Such determination may be made on application brought by this corporation or the agent or the attorney or other person rendering a defense to the agent, whether or not the application by the agent, attorney, or other person is opposed by this corporation.

SECTION 6. LIMITATIONS

No indemnification or advance shall be made under this Article, except as provided in Sections 2 or 5(b){iii}, in any circumstances when it appears:

- (a) That the indemnification or advance would be inconsistent with a provision of the articles, a resolution of the members, or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or
- (b) That the indemnification would be inconsistent with any condition expressly imposed by a court in approving a settlement.

SECTION 7. ADVANCE OF EXPENSES

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

SECTION 8. CONTRACTUAL RIGHTS OF NONDIRECTORS AND NONOFFICERS

Nothing contained in this Article shall affect any right to indemnification to which persons other than directors and officers of this corporation, or any subsidiary thereof, may be entitled by contract or otherwise.

SECTION 9. INSURANCE

The board of directors may adopt a resolution authorizing the purchase and maintenance of insurance on behalf of any agent of the corporation against any liability other than for violating provisions against self-dealing asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, whether or not this corporation would have the power to indemnify the agent against that liability under the provisions of this section.

ARTICLE XI

RECORDS AND REPORTS

SECTION 1. MAINTENANCE OF CORPORATE RECORDS

The corporation shall keep:

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

All such records shall be kept at the corporation's principal executive office, or if its principal executive office is not in the State of California, at its principal business office in this state.

SECTION 2. MEMBERS' INSPECTION RIGHTS

- (a)
 - (i) any member of the corporation may inspect and copy the records of members' names and addresses and voting rights during usual business hours on five days' prior written demand on the corporation, stating the purpose for which the inspection rights are requested, or
 - (ii) obtain from the secretary of the corporation, on written demand and on the tender of the secretary's usual charges for such a list, if any, a list of names and addresses of members who are entitled to vote for the election of directors, and their voting rights, as of the most recent record date for which that list has been compiled, or as of a date specified by the member after the date of demand. The demand shall state the purpose for which the list is requested. This list shall be made available to any such member by the secretary on or before the later of 10 days after the demand is received or the date specified in it as the date by which the list is to be compiled; and
- (b) Any member of the corporation may inspect the accounting books and records, and minutes of the proceedings of the members and the board and committees of the board, at any reasonable time, for a purpose reasonably related to such person's interest as a member.
- (c) Any inspection and copying under this section may be made in person or by an agent or attorney of the member and the right of inspection includes the right to copy and make extracts.

SECTION 3. MAINTENANCE AND INSPECTION OF ARTICLES AND BYLAWS

The corporation shall keep at its principal executive office, or if its principal executive office is not in the State of California, at its principal business office in this state, the original or a copy of the articles and bylaws as amended to date, which shall be open to inspection by the members at all reasonable times during office hours. If the principal executive office of the corporation is outside the State of California and the corporation has no principal business office in this state, the secretary shall, on written request of any member, furnish to that member a copy of the articles and bylaws as amended to date.

SECTION 4. INSPECTION BY DIRECTORS

Every director shall have the absolute right at any reasonable time to inspect all books, records, and documents of every kind and the physical properties of the corporation and each of its subsidiary corporations. This inspection by a director may be made in person or by an agent or attorney, and the right of inspection includes the right to copy and make extracts of documents.

SECTION 5. ANNUAL REPORT TO MEMBERS

- (a) Not later than 120 days after the close of the corporation's fiscal year, the board shall cause an annual report to be sent to the members. Such report shall contain the following information in reasonable detail:
- (1) The assets and liabilities, including the trust funds, of the corporation as of the end of the fiscal year.
 - (2) The principal changes in assets and liabilities, including trust funds, during the fiscal year.
 - (3) The revenue or receipts of the corporation, both unrestricted and restricted to particular purposes, for the fiscal year.
 - (4) The expenses or disbursements of the corporation, for both general and restricted purposes, during the fiscal year.
 - (5) Any information required by Section 6 of this Article.
- (b) The report required by this section shall be accompanied by any report thereof of independent accountants, or, if there is no such report, by the certificate of an authorized officer of the corporation that such statements were prepared without audit from the books and records of the corporation.

SECTION 6. ANNUAL STATEMENT OF CERTAIN
TRANSACTIONS AND INDEMNIFICATIONS

No later than the time the corporation gives its annual report, if any, to the members, and in any event no later than 120 days after the close of the corporation's fiscal year, the corporation shall prepare and mail or deliver to each member a statement of the amount and circumstances of any transaction or indemnification of the following kind:

- (a) Any transaction(s) in which the corporation, its parent or its subsidiary was a party, and in which either of the following had a direct or indirect financial interest:
 - (1) Any director or officer of the corporation, its parent or subsidiary (a mere directorship shall not be considered such in interest); or
 - (2) Any holder of more than 10% of the voting power of the corporation, its parent or its subsidiary; if such transaction involved over \$40,000, or was one of a number of transactions with the same person involving in aggregate, over \$40,000.

- (b) Any indemnifications or advances aggregating more than \$10,000 paid during the fiscal year to any officer or director of the corporation pursuant to Article X hereof, unless such indemnification has already been approved by the members pursuant to Section 5(b)(ii) of Article X.

ARTICLE XII

CONSTRUCTION AND DEFINITIONS

Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the California Nonprofit Corporation Law shall govern the construction of these bylaws. Without limiting the generality of the above, the masculine gender includes the feminine and neuter, the singular number includes the plural, the plural number includes the singular, and the term "person" includes both the corporation and a natural person.

ARTICLE XIII

AMENDMENTS

SECTION 1. AMENDMENT BY MEMBERS

New bylaws may be adopted or these bylaws may be amended or repealed by approval of the members or their proxies, or by written assent of these persons. However, if the corporation has more than one class of voting members, any amendment which would materially and adversely affect the rights of any class as to voting or transfer, differently than such action affects another class, must be approved by the members of such affected class. Further, where any provision of these bylaws requires the vote of a larger proportion of the members than otherwise required by law, such provision may not be altered, amended or repealed except by vote of such larger number of members. No amendment may extend the term of a director beyond that for which such director was elected.

SECTION 2. AMENDMENT BY DIRECTORS

Subject to the rights of members under Section 1 of this Article XIII and the limitations set forth below, the board of directors may adopt, amend or repeal bylaws. Such power is subject to the following limitations:

- (a) The limitation set forth in Section 1 on the members' power to adopt, amend or repeal bylaws shall apply to actions by the board of directors.
- (b) the board of directors may not amend a bylaw provision fixing the authorized number of directors or the minimum and maximum number of directors. However, if the articles or bylaws provide for a variable number of directors within specified limits, the directors may subject to the other limitations of this section, adopt, amend or repeal a bylaw fixing the exact number of directors within those limits.
- (b) If any provision of these bylaws requires the vote of larger proportion of the directors than otherwise required by law, such provision may not be altered, amended or repealed except by vote of such larger number of directors.
- (d) The board of directors may not adopt or amend bylaw provisions concerning the following subjects without the approval of the members:
 - (i) Any provision increasing the terms of directors;
 - (ii) Any provision allowing one or more directors to hold office by designation of selection rather than election by the members;

- (iii) Any provision giving the board of directors power to fill vacancies on the board created by removal of directors;
- (iv) Any provision increasing the quorum for members. meetings;
- (v) Any provision repealing, restricting, creating or expanding proxy rights.
- (vi) Any provision removing explicit limits on powers of the board.

Exhibit A

Service Area

All that certain real property located in the County of Kern, State of California, and more particularly described at Tract No. 3451, in Book 23 of Maps, at Pages 36 through 39, in the office of the County Recorder, Kern County, California.

Exhibit B

Fee Schedule

Set Water Meter (New Service).....	\$65.00
Final Notice Fee	\$25.00 ¹
File Lien for unpaid fees	\$10.00 ²
Release Lien for unpaid fees.....	\$10.00 ²
Water Service (Base Monthly)..... (Refer to Tiered Rate Schedule for full rates)	\$27.50 ³
Road Maintenance (Monthly).....	\$12.50 ³
Returned check fee	\$5.00 ⁴
Late Fee	\$10.00 ⁵
Foreclosure of Lien	\$100.00 ⁶

- 1 - If 48 hour Final Notice for Non-Payment is issued..
- 2 - Plus out of pocket fees for recording, notary, postage etc.
- 3 - Due 1st of each month. Delinquent if not paid by the 20th of month billed.
- 4 - Plus fee charged by our bank.
- 5 - If not paid by the 10th of the following month payment was due late fee accrues and water service may be locked off with 7 days written notice.
- 6 - Plus any other out of pocket expenses incurred in preparing and processing the foreclose (Attorney fees, Recording Fees, Notary fees, etc.)

Exhibit B (continued)

Monthly Association Dues Effective July 1, 2024

Roads	Tier	Max Gallons	Base	New	Total
20.00	I	50,000	40.00	0.00	60.00
20.00	II	100,000	40.00	30.00	90.00
20.00	III	150,000	40.00	75.00	135.00
20.00	IV	200,000	40.00	125.00	185.00
20.00	V	250,000	40.00	150.00	210.00
20.00	VI	300,000	40.00	240.00	300.00
20.00	Beyond VI	As metered	40.00	Cost + 250.00	310.00 Minimum

Vacant lots without water service and properties with private wells will be billed \$240.00 annually for Road Maintenance Fees.

Exhibit C

Summary of Restrictions

Restricted by CC&R's

1. No mining, milling, quarrying or drilling operations
2. 400 Square foot minimum mobile home*
3. 600 Square foot minimum other type dwelling*
4. No used or temporary structures

* Kern county has since enacted more stringent requirements

Governmental Ordinance or Code

1. Chapter 19.16 Kern County Zoning Ordinance – Estate (E) District
2. Chapter 7 Kern County Zoning Ordinance - Animals
3. Various State and County Building Codes and ordinances

Provided here for your convenience, see originating document or contact governmental agency for full details and restrictions. This list is not intended to be all inclusive.

Exhibit D

Valley Estates Association of Property Owners, Inc. Water System Rules and Regulations

I. SERVICE CONNECTIONS

The Valley Estates Association of Property Owners, inc. operates a community (mutual) water company for the benefit of the property owners of Tract 3451. Connection to and service by the system is limited by the founding documents of the association. With the exception of the three properties listed below, only lots in Kern County Map Book for Tract 3451 may be connected to and supplied water by the Valley Estates Water Company. These additional connections were negotiated in order to place our Hanning Well on property outside of Tract 3451. Water may be used only for residential purposes. Commercial or agricultural usage, other than a private garden, is prohibited. All connections shall be metered with a $\frac{3}{4}$ " meter. All connections must meet the minimum requirements of the California Plumbing Code. The association reserves the right to require a back flow device at the property owners' expense at the meter on any property identified as a potential hazard for cross contamination to the system. In addition to the exception noted below the association has installed, and agreed to bear the maintenance expense, for whole property back flow devices for lot numbers 005, 122, 123 and 124. These four lots were identified as potential back flow hazards due to elevation differences during a Cross Connection Survey in 2012.

Service Exceptions:

1. Property commonly known as "The Ranch House" located north and west of the north end of Hanning Street. This connection is to receive at no charge 72,000 cubic feet of water (538,560 gallons) per year. Excess water usage may be billed at the same rate as users located in Tract 3451. This connection shall be through a $1\frac{1}{2}$ inch meter with a backflow device provided and maintained by the association.
2. The property on the north side of Adams Drive just west of Lot 001, Tract 3451.
3. The property on the south side of Adams Drive just west of Lot 126, Tract 3451. This property has since been purchased by and is owned by the association as a separate parcel.

II. PROPERTY OWNER RESPONSIBILITIES

The association is not responsible for maintaining connections beyond the meter. It is the property owner's responsibility to establish and maintain the connection from the meter to the point(s) of use on the property. Properties found not in compliance with state and county regulations may be disconnected from the system until compliance is reached. This includes, but is not limited to, unrepaired water leaks, unprotected connections to devices that may cause water to flow from the property owner's side of the meter into the system, hoses and faucets not protected by an anti-siphon device, etcetera. Properties without water service shall not be connected to the water service on any other property serviced by Valley Estates Water Company. This includes undeveloped parcels without a meter and those parcels disconnected or locked off by the water company.

III. FEES, DISCONTINUANCE OF SERVICE, RATIONING AND LIEN FILING

Water is provided at a "tiered rate" (exhibit B) as part of the monthly association dues and is billed monthly. These dues are set by by-laws of the association and are subject to change by majority vote of the membership. Meters are read every two months to monitor water usage. The meters for the individual properties are totaled and compared to the meters on the wells to help insure the integrity of the entire system.

Unrepaired Leak: \$10.00 per month surcharge if a minor leak is not repaired with 15 days of notification. A major leak subject to immediate shut off. Any leak that may create a health hazard to the system is a major leak, regardless of volume or location.

Reconnection: See Exhibit B.

Set Meter: See Exhibit B.

Damage Repair*: \$65.00 per hour, or amount charged by contractor, plus parts.

* Due to actions by the water user and not caused by normal wear and tear.

Any account with 2 or more association payments due may be disconnected from the water service with 15 days notice. This notice may be written or verbal. In the normal course of business a late notice is included on any billing with 2 (or more) payments due. The late notice will specify the amount of the late fee (Exhibit B) and the anticipated disconnection date which will be at least 15 days from the date of mailing of the billing. Two days before the scheduled shut off date a verbal reminder will be attempted by phone or in person. If no personal contact is made a 48 Hour written notice will be left near the door of the residence. If the property is fenced and gated the notice may be left attached to the fence.

Should there ever be a need to limit water usage due to equipment problems, power failure, line breakage, storage problems or drought the water company may ration water usage after a public meeting for long term rationing. Failure to comply with quantity restrictions is cause for immediate disconnection from the water system.

As permitted in the Supplemental Declaration of Covenants, Conditions, and Restrictions for Tract No. 3451 recorded on March 17, 1972 a Notice of Lien may be filed against any property that has not paid any amount properly assessed for water service. In addition to the amount past due, a \$10.00 Document Preparation Fee and all out of pocket expenses such as recording fees and postage will be added to the amount past due. The enforcement of this lien may be made by any means authorized under current law up to and including foreclosure.

IV: PROPERTY ACCESS AND INSPECTION

By connecting to the system the property owner agrees to inspection of the connected water service by Valley Estates or its authorized contractors if a hazard is suspected. Failure to allow the inspection upon notice, either verbal or written, is subject to disconnection until such time an inspection is completed and no hazard is determined to be present. The property owner

should also keep the area around the meter box, and sample station if applicable, accessible and clear of shrubs, vines, overhanging branches, etc. that hinder access to the meter or sample station. The association is not responsible for any damage incurred to gain access to the meter or sample station.

V: METER REMOVAL

Should any attempt be made to obtain water after a property is “locked off” either for non-payment of fees or a health hazard, the water meter may be removed and water service suspended until such time the deficiency is corrected. Removing the lock, breaking the valve to open it with the lock still in place or connecting to a neighbors water service are examples of unauthorized actions that can result in meter removal. Any past due fees and all deficiencies must be resolved prior to resetting the meter. Resetting the meter will be subject to the meter setting fee (Exhibit B) in effect at the time the meter is reset. A crime report may also be filed with the Sheriff’s Department when warranted.

VI: RECORDS

The individual designated by the Board of Directors as the “Water Master” shall be responsible for maintaining the records of the Water Company in accordance with existing law and good business practices. These records shall be made available to any member of the association upon written request of the member. Records going back more than three (3) years are not required to be furnished. The association may charge actual costs for retrieving, reproducing and delivering the requested records. Records maintained include, but are not limited to, water usage records (meter readings), system maps and layouts, system repairs and water quality reports. The Water Master is also responsible for compiling, submitting and distributing any reports required under government regulation.

Exhibit E

Valley Estates Association of Property Owners, Incorporated Policies

I. Meeting Attendance by Board Members

Members of the Board of Directors should attend a majority of the regularly scheduled meetings. They should notify other board members in advance, when possible, if they will not be attending a meeting. The Board, by majority vote of the remaining members may, but is not required to, declare a position vacant after the office holder misses three consecutive meetings without cause. Should a board member be removed in accordance with this policy they have the right to appeal the decision at the following board meeting. Should the appeal be denied the removed member may request a special meeting of the general membership to appeal the removal from the board.

II. Records Retention Policy

Annual financial statements, IRS returns, Corporate Minutes, current operating permits and licenses are to be maintained permanently. Water testing results are to be maintained for at least 5 years after the next required test is done and the results are received. All other records may be destroyed after 5 years.

III. Delinquent Accounts & Termination of Service Policy

- a) Accounts are delinquent the 20th of the month in which they are billed.
- b) A late fee as set by the By-Laws is due the 10th of the month following the original billing. (February 10th for the January 1st bill, etc.)
- c) A notice of a pending late fee will be included on the monthly bill carrying an unpaid balance forward. No further notice will be required. A 15 day notice to suspend water service will also be included on the bill if appropriate.
- d) 48 hours prior to disconnection of water service personal contact must be attempted advising the amount due to prevent termination of service and where and when the payment may be made. If the customer is not reachable by phone or in person, a letter may be left at the residence. (See attachment 1)
- e) Any payment arrangements to bring a delinquent account current and maintain water service must bring the account current in no more than 6 months. A monthly reduction of 150% of the regular monthly assessment should be considered the minimum arrangement.
- f) Liens as authorized by the Covenants, Conditions and Restrictions may be filed as authorized by the Board and at the expense of the owner.

IV. Asset Management

- a) Use of common areas and facilities. The Community Center is available to all residents who are not more than 60 days delinquent. It is available on a first come, first reserved, basis. The tables and chairs are available for loan on the same basis. An agreement stating the time frame and conditions of the use must be signed by the user. (See attachment 2)
- b) The tools and equipment owned by the association shall be normally stored in association owned sheds or buildings. Water system operators may keep regularly used equipment at their home.

V. Cross Connection Control Program
Contained in a separate document.

VI. Intent

This document is intended to expand, clarify and supplement the By-Laws of the Valley Estates Association of Property Owners, Incorporated. If there is any conflict between this document and the By-Laws, the By-Laws will take precedence unless the By-Laws are not in conformance with existing state laws and regulations and this document does conform.

Exhibit E - Attachment 1

Valley Estates Association of Property Owners, Inc.

**P. O. Box 328
Weldon, CA 93283-0328**

Date

FINAL NOTICE

2012-2013 Officers

President

Bob McGarvey
(760) 378-1301

Vice President

Evelyn Simas
(760) 378-3800

Secretary/Treasurer

Mike Higgins
(760) 378-1028

Board Members

Norman Eades
(760) 378-1170

Hal Chiprin
(760) 378-3673

E-Mail

valleyestates@mchsi.com

***Water Company**

Mike Higgins
(760) 378-1028

Steve Rinker
(760) 378-3630

Norman Eades
(760) 378-1170

Jack Rowlett
(760) 378-3225

*ATTEMPT CONTACT
IN THE ORDER LISTED

**AS PREVIOUSLY NOTIFIED THE WATER SERVICE TO THIS PROPERTY
IS SUBJECT TO DISCONNECTION:**

AMOUNT PAST DUE: \$

DISCONNECTION DATE:

PROPERTY ADDRESS:

PAYOR OF RECORD:

LOT NUMBER:

**DO NOT MAIL YOUR PAYMENT IF IT IS NOT ALREADY IN THE MAIL.
YOUR PAYMENT MUST BE RECEIVED AT 5413 MARJORIE STREET,
WELDON, CA 93283 BEFORE 9AM ON THE DISCONNECTION DATE
SHOWN ABOVE. IF YOU ARE UNABLE TO MAKE YOUR PAYMENT AND
WISH TO DISCUSS AN ALTERNATE PAYMENT PLAN, PLEASE CALL
(760) 378-1028 BEFORE 9AM ON THE DATE SHOWN ABOVE.
ACCOUNTS DISCONNECTED FOR FAILURE TO PAY, OR ARRANGE A
PAYMENT PLAN, WILL BE SUBJECT TO A NON-REFUNDABLE \$25.00
DISCONNECTION FEE.**

Exhibit E - Attachment 2

Valley Estates Association of Property Owners, Inc.

**P. O. Box 328
Weldon, CA 93283-0328**

Agreement for use of Valley Estates Community Center.

By signing below I agree to the following terms and conditions:

1. The Center is to be left clean and ready for the next user. The property owner is responsible for any damage caused during the event.
2. Chairs and Tables will be left folded and neatly stacked by the west wall.
3. Failure to comply with items 1 and 2 may result in a "fine" sufficient to cover the cost of remedying the situation.
4. The key is to be returned no later than: _____ .
5. If tables / chairs are being borrowed, I acknowledge receipt of _____ tables and _____ chairs and will return them no later than: _____ in clean condition.

Printed Name & Address of Property
Owner Sponsoring the Event:

Date and Time of use for Community Center:

Signature

Date

Valley Estates Use:

Date Key / Property returned: _____

Inspected by: _____

Comments: