

BYLAWS OF
LITTLE BALDY WATER COMPANY
(a California Mutual Benefit Non-Profit Corporation)

ARTICLE I. GENERAL

Section 1.01. Name

The name of this Corporation is Little Baldy Water Company ("Company").

Section 1.02. Offices

The principal office for the transaction of the business of the Company is hereby fixed and located at 20745 Fort Tejon Road, Llano, County of Los Angeles, California. The Board of Directors is hereby granted full power and authority to change said principal office from one location to another in the County of Los Angeles. Any such change shall be noted on the Bylaws opposite this section, or this section may be amended to state the new location.

Branch or subordinate offices may at any time be established by the Board of Directors at any place or places where the Company is qualified to do business.

Section 1.03. Purpose

The objects and purposes of the Company shall be to develop, distribute, supply and deliver water for irrigation uses and domestic uses or any one of such uses upon the parcels of land situated in the area designated in Section 2.01 of the Bylaws, to its Members at cost, and to no one except Members of the Company. The Company shall be authorized to do whatever may be deemed necessary, conducive, incidental, or advisable to accomplish and promote said objects or purposes, including, but not limited to:

- (a) Constructing, purchasing, leasing, maintaining, and operating water system facilities;
- (b) Acquiring, owning, leasing, or developing water, water rights, or water bearing lands;
- (c) Paying all taxes, utilities, charges, assessments by which to further the objects and purposes; and to do any other act or thing in any way connected with the foregoing or related to the objects and purposes of the Company.

ARTICLE II. MEMBERS

Section 2.01. Members

(a) Members of the Company shall be limited to the owner or owners of a parcel of land within the following area:

Section 31, Township 5 North, Range 8 West, SBB&M. in its entirety.
The South-West quarter of the North-West quarter of Section 28 and the South West quarter of Section 28, all in Township 5 North, Range 8 West, SBB&M.

The South-East quarter of the South-East quarter and the East Half of the North East quarter of the North-East quarter of the South-East quarter all in Section 29, Township 5 North, Range 8 West, SBB&M.

The East half of the North-East Quarter.

The North-East Quarter of the South-East Quarter.

The North half of the South-East Quarter of the South-East Quarter.

The West Half of the South-East Quarter of the South-East Quarter of the South East Quarter.

The East half of the South-West Quarter of the South-East Quarter of the South East Quarter.

The East half of the North-West Quarter of the South-East Quarter.

The North-East Quarter of the South-West Quarter of the South-East Quarter.

The West Half of the South-East Quarter of the South-West Quarter of the South East Quarter.

All in Section 32, Township 5 North, Range 8 West, SBB&M.

The North-West quarter and the West Half of the North-East quarter and the West Half of the South-West quarter and the North half of the North-East quarter of the South-West quarter, and the South Half of the South half of the South-East quarter of the South-West quarter and the North-East quarter of the North-East quarter of the North-West quarter of the South-East quarter all in Section 6, Township 4 North, Range 8 West, SBB&M.

(b) A purchaser of any parcel of land under contract shall be deemed to be a Member for the purpose of these Bylaws. A parcel of land held as community property shall qualify the Members thereof for one (1) Membership Certificate only in the Company. As to any parcel of land held in joint tenancy, tenancy in common, or in the name of partnership or in any other way, only one (1) person of any number of such co-owners shall be a Member of this Company. Such co owners shall be required to designate in writing to the Company who shall represent them at Company meetings.

Section 2.02. Eligibility for Members and to Hold Membership Certificates

All persons who become owners of a parcel(s) of land, as defined and described in Section 2.01, shall by reason of such ownership become Members of the Company, and are issued one (1) Membership Certificate; at the rate of one membership for each full acre of land upon their purchase of said parcel(s) of land.

Membership Certificates shall be signed by the President of the Company and by the Secretary, or such other person designated by the Board of Directors, and shall take such form and device as the Board of Directors shall direct.

Each Membership Certificate shall express on its face its number, date of issuance, the number of memberships represented by such certificate, and to whom it is issued.

It shall state the Assessor's Parcel Number and contain a description of the land to which such membership is appurtenant, and shall recite the fact that such membership shall be perpetually appurtenant to such land and that such membership is only to be transferred with said land, subject, however, to severance or extinguishment as provided in these Bylaws.

Each property that changes ownership is to be assessed a transfer fee.

Section 2.03. Class of Members

The Company shall have one class of Members only, and the property, voting, and other rights, interests, and privileges of each Member shall be equal.

Section 2.04. Termination

The Board of Directors may, by a vote of three-fifths of members of the Board, suspend or expel a Member for cause after an appropriate hearing and by majority vote of those present at any regularly constituted meeting, and may cancel the Membership of any Member who becomes in default in the payment of assessments for the period fixed in these Bylaws.

Section 2.05. Resignation/Forfeiture

Any Member may cancel his Membership by filing a written cancellation with the Secretary, but such cancellation shall not relieve the Member or the new owner of record of the obligation to pay any water charges, assessments, penalties or other charges theretofore accrued and unpaid.

Any Membership Certificate upon which water charges and assessments may become delinquent shall be forfeited to the Company, and the holder of said certificate shall surrender the Membership Certificate to the Company.

The Company shall have, and is hereby given, a lien upon the parcel of land of each Member to which such Member's memberships are appurtenant, by way of security for all moneys due or to become due from such Member to the Company for water delivered or to be delivered by the

Company to him or to said parcel of land, and for any assessment or charge of any kind whatsoever that may be hereafter levied by the Company or charged against said Member, which lien shall continue until the amount thereof shall be paid or said parcel of land shall have been sold to satisfy said lien.

Any liens, fines, penalties or other charges must be paid upon transfer of ownership of property.

Section 2.06. Reinstatement

Membership Certificates which have been forfeited for failure to pay water charges or assessments, may be recovered, by the Member, by the payment of the water charges and/or assessment and penalties, and interest on such sums, from the time they became delinquent, provided the Member(s) making written application for recovery, tender to the Company the amount required as aforesaid, within six (6) months from the date of such forfeiture.

Section 2.07. Transfer of Memberships

Membership in this Company is transferable or assignable only with the transfer or assignment of the parcel of land to which it attaches.

No Membership shall be transferred until all assessments, water charges, or other indebtedness of the transferring Member to the Company have been paid in full.

No transfer of Membership shall be binding upon the Company unless and until duly entered upon its books.

The party requesting transfer of Membership shall present the Company with such deed either of the conveyance to him of the land described in the Membership Certificate, showing the same to be duly recorded, or a written statement from a reputable title company showing that he is the owner of the land to which the Membership Certificate is appurtenant.

The Board may determine such additional terms and conditions of transfer of Membership and surrender of water rights accruing therefrom.

Section 2.08. Rights and Liabilities

No Member of the Company shall have any right, title, or interest in or to any property or assets of the Company, except upon its dissolution.

The private property of the Members shall be exempt from execution or other liability for any debts of the Company, and no Member shall be liable or responsible for any debts or liabilities of the Company.

ARTICLE III. MEETINGS

Section 3.01. Place of Meeting

Meetings of Members shall be held at any place within the County of Los Angeles designated by the Board of Directors. In the absence of any such designation, Members meetings shall be held at the office of the Company.

Section 3.02. Annual Meeting

The annual meeting of Members shall be held each year on a date and at a time designated by the Board of Directors for the purpose of electing Directors, passing upon reports for the previous fiscal year and transacting such business as may come before the meeting. In the absence of any such designation, the annual meeting shall be held on the third Sunday of January beginning at one o'clock in the afternoon.

It shall be the responsibility of the Board to make adequate plans and preparations for the annual meeting.

Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Company, and in the event of such failure, the annual meeting shall be held within a reasonable time thereafter.

The failure of any Member to receive notice of an annual meeting of the Members shall not invalidate any action that may be taken by the Members at any such meeting.

Section 3.03. Special Meetings

A special meeting of 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 ten percent (10%) of the votes at that meeting.

If a special meeting is called by any Member(s) 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 of the Board, the President, the Vice President, or the Secretary of the Company.

The officer receiving the request shall cause notice to be promptly given to the Members entitled to vote, in accordance with the provision of Section 3.04 and 3.05, that a meeting will be held at the time requested by the person or persons calling the meeting, not less than thirty five (35) nor more than sixty (60) days after receipt of the request.

If the notice is not given within twenty (20) days after receipt of request, Member(s) requesting the meeting may give the notice. Nothing contained in the paragraphs of this Section 3.03, 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.

The failure of any Member to receive notice of a special meeting of the Members shall not invalidate any action that may be taken by the Members at any such meeting.

Section 3.04. Notice of Membership Meeting

All notices of meetings of Members shall be sent or otherwise given in accordance with Section 3.05, not less than (10) nor more than sixty (60) 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 notice, intends to present for action by the Members.

The notice of any meeting at which Directors are to be elected shall include the name of any nominee or nominees whom, at the time of the notice, the Board intends to present for election.

If action is proposed to be taken at any meeting for the approval of

- (i) a contract or transaction in which a Director has a direct or indirect financial interest, pursuant to Section 310 of the Corporations Code of California,
 - (ii) an amendment of the Articles of Incorporation, pursuant to Section 902 of that Code,
 - (iii) a reorganization of the Corporation, pursuant to Section 1201 of that Code or
 - (iv) a voluntary dissolution of the Corporation, pursuant to Section 1900 of that Code,
- the general nature of that proposal shall be stated in the notice given to, or in the written waiver received from; each Member entitled to vote thereon.

Section 3.05. Manner of Giving Notice; Affidavit of Notice

Notice of any meeting of Members shall be given by first-class mail or telegraphic or other written communication, charges prepaid, addressed to the Member at the address of that Member appearing on the books of the Company or given by the Member to the Company for the purpose of notice.

If no such address appears on the Company's books or is given, notice shall be deemed to have been given if sent to that Member by first-class mail or telegraphic or other written communication to the Company's office, or if published at least once in a newspaper of general circulation in the area to which the Company provides water.

Notice shall be deemed to have been given at the time when deposited in the United States Postal Service, charges prepaid, or sent by telegram or other means of written communication.

If any notice addressed to a Member at the address of that Member appearing on the books of the Company is returned to the Company by the United States Postal Service marked to indicate that the United States Postal Service is unable to deliver notice to the Member at that address, all

future notices or reports shall be deemed to have been duly given without further mailing if these shall be available to the Member on written demand of the Member at the office of the Company for a period of one year from the date of the giving of the notice.

An affidavit or the mailing or other means of giving any notice of any Members' meeting shall be executed by the Secretary, or any agent of the Company giving the notice, and shall be filed and maintained in the minute book of the Company.

Section 3.06. Quorum

Unless otherwise provided by the Articles of Incorporation, the presence in person or by proxy of twenty-five percent (25%) of the memberships entitled to vote at any meeting of Members shall constitute a quorum.

The Members present at a duly called and 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.

Section 3.07. Adjourned Meeting; Notice

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 memberships 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 provided in Section 3.06.

When any meeting of Members, either annual or special, is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place are announced at the meeting at which the adjournment is taken, unless a new record date for the adjourned meeting is fixed, or unless the adjournment is for more than forty-five (45) days from the date set for the original meeting, in which case the Board of Directors shall set a new record date.

Notice of any such adjourned meeting shall be given to each Member of record entitled to vote at the adjourned meeting in accordance with the provisions of Section 3.04 and 3.05. At any adjourned meeting the Company may transact any business, which might have been transacted at the original meeting.

Section 3.08. Voting

Except as may be otherwise provided in the Article of Incorporation and except as further provided by this Section 3.08, each outstanding membership shall be entitled to one vote on each matter submitted to a vote of the Members.

If a quorum is present, the affirmative vote of the majority of memberships represented at the meeting and entitled to vote on the matter, other than the election of the Directors, shall be the

act of the Members unless the vote of a greater number of memberships is required by the Corporation's Code of California or by the Articles of Incorporation.

At a Members' meeting at which Directors are to be elected, the candidates receiving the highest number of votes, up to the number of Directors are to be elected, shall be elected.

Cumulative voting is prohibited.

The Members entitled to vote at any meeting of Members shall be determined in accordance with the provisions of Section 3.09, subject to the provisions of Section 702 to 704, inclusive, of the Corporations Code of California (relating to voting memberships held by a fiduciary, in the name of a corporation, or in joint ownership).

The Members vote may be by voice vote or by ballot; provided, however, that any election for Directors must be by ballot if demanded by any Member before the voting has begun.

Any Member may vote part of the memberships *in favor* of the proposal and *refrain* from voting the remaining memberships or vote them *against* the proposal, but, if the Member fails to specify the number of memberships which the Member is voting affirmatively, it will be conclusively presumed that the Members' approving vote is with respect to all memberships that the Member is entitled to vote.

Section 3.09. Record Date For Member Notice, Voting and Giving Consents

For the purpose of determining the Members entitled to notice of any meeting or to vote or entitled to give consent to company action without a meeting, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty (60) days nor less than ten (10) days before the date of any such meeting nor more than sixty (60) days before any such action without a meeting, and in this event only Members of record on the date so fixed are entitled to notice and to vote or to give consents, as the case may be, notwithstanding any transfer of any Membership Certificate on the books of the Company after the record date, except as otherwise provided in the California General Corporation Law.

A determination of Members of record entitled to notice of or to vote at a meeting of Members shall apply to any adjournment of the meeting unless the Board fixes a new record date for the adjourned meeting. The Board shall fix a new record date if the meeting is adjourned for more than forty-five (45) days from the date set for the original meeting.

If the Board of Directors does not fix a record date:

(a) The record date for determining Members entitled to notice of, or to vote at, a meeting of Members shall be at the close of business on the business day next preceding the date on which notice is given or, if notice is waived, at the close of business on the business day next preceding the day on which the meeting is held.

(b) The record date for determining Members entitled to give consent to corporate action in writing -without a meeting,

(i) when no prior action by the Board has been taken, shall be the day on which the first written consent is given, or

(ii) when prior action of the Board has been taken, shall be at the close of business on the date on which the Board adopts the resolution relating to that action, or the sixtieth (60th) day before the date of such other action, whichever is later.

Section 3.10. Waiver of Notice or Consent by Absent Members

The transactions of any meeting of Members, either annual or special, however called and noticed, and wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy, and if, either before or after the meeting, each person entitled to vote, 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 thereof.

The waiver of notice or consent need not specify either the business to be transacted or the purpose of any annual or special meetings of Members, except that if action is taken or proposed to be taken for approval of any of those matters specified in the fourth paragraph of Section 3.04, 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 Company records or made a part of the minutes of the meeting.

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 because the meeting is not lawfully called or convened, and except that attendance at a meeting is not a waiver of any right to object to the consideration of matters not included in the notice of the meeting if that objection is expressly made at the meeting.

Section 3.11. Member Action By Written Consent Without A Meeting

Any action which may be taken at any annual or special meeting of Members may be taken -without a meeting and without prior notice, if a consent in writing, setting forth the action so taken, is signed by the holders of outstanding Membership Certificates having not less than the minimum number of votes that would be necessary to authorize or take that action at a meeting at which all Membership Certificates entitled to vote on that action were present and voted.

In case of election of Directors, such consent shall be effective only if signed by the holders of a majority of the outstanding Membership Certificates entitled to vote for the election of Directors.

All such consents shall be filed with the Secretary of the Company and shall be maintained in the Company records.

Any Member giving a written consent, or the Members' proxy holders, or a transferee of the Membership Certificate of a personal representative of the Member or their respective proxy holders, may revoke the consent by a writing received by the Secretary of the Company before written consents of the number of Membership Certificates required to authorize the proposed action have been filed with the Secretary.

If the consents of all Members entitle to vote have not been solicited in writing, and if the unanimous written consent of all such Members shall not have been received, the Secretary shall give prompt notice of the Company action approved by the Members without a meeting. This notice shall be given in the manner specified in Section 3.05.

In the case of approval of

- (i) contracts or transactions in which a Director has direct or indirect financial interest, pursuant to Section 310 of the Corporations Code of California,
- (ii) indemnification of agents of the Company pursuant to Section 317 of that Code, and
- (iii) a reorganization of the Company, pursuant to Section 1201 of that Code,

the notice shall be given at least ten (10) days before the consummation of any action authorized by that approval.

Section 3.12. Proxies

Every Member entitled to vote for Directors or on any other matter shall have the right to do so either in person, or by one or more agents authorized by a written proxy signed by the Member and filed with the Secretary of the Company. 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) and manually signed by the Member's attorney in fact, giving the proxy holder(s) the power to vote the Member's, Membership.

A validly executed proxy, which does not state that it is irrevocable, shall continue in full force and effect unless

- (i) revoked by the person executing it, prior to the vote pursuant thereto, by a writing delivered to the Company stating that the proxy is revoked or by a subsequent proxy executed by, or attendance at the meeting and voting in person by the person executing the proxy; or
- (ii) written notice of the death or incapacity of the maker of that proxy is received by the Company before the vote pursuant to that proxy is counted; provided, however, that no such proxy shall be valid after the expiration of eleven (11) months from the date of the proxy, unless otherwise provided in the proxy. The revocability of a proxy that states on its face that it is irrevocable shall be governed by the provisions of California Corporations Code Section 705(e) and (f).

Section 3.13. Inspectors of Election

Before any meeting of Members, the Board of Directors may appoint any Member other than nominees for the office to act as inspectors of election at the meeting or its adjournment. If no inspectors of election are so appointed, the Chairman of the meeting may, and on the request of any Member or a Members' proxy shall, appoint inspector(s) of election at the meeting.

The number of inspectors shall be either one (1) or three (3).

If inspectors are appointed at a meeting on the request of one or more Members or proxies, the holders of a majority of memberships or their proxies present at the meeting shall determine whether one (1) or three (3) inspectors are to be appointed.

If any Member appointed as inspector fails to appear or fails or refuses to act, the Chairman of the meeting may, and upon the request of any Member or a Member's proxy shall, appoint a person to fill that vacancy.

The inspector shall:

- (a) Determine the number of memberships outstanding and the power of each, the memberships represented at the meeting, the existence of a quorum, and the authenticity, validity, and effect of proxies;
- (b) Receive votes, ballots, or consents;
- (c) Hear and determine all challenges and questions in any way arising in connection with the right to vote;
- (d) Count and tabulate all votes or consents;
- (e) Determine when the polls shall close;
- (f) Determine the result; and
- (g) Do any other acts that may be proper to conduct the election or vote with fairness to all Members.

If there are three inspectors of election, the decision, act or certificate of a majority is effective in all respects as the decision, act, or certificate of all.

ARTICLE IV. DIRECTORS

Section 4.01. Powers

Subject to the provisions of the General California Corporation Law, and any limitations in the Articles of Incorporation, and these Bylaws relating to action required to be approved by the Members or by the outstanding memberships, the business and affairs of the Company shall be managed and all corporate powers shall be exercised by or under the direction of the Board of Directors. The board may delegate the management of the day to day operation of the business of

the Company to a management company or other person, provided that the business and affairs of the Company shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board.

Without prejudice to these general powers, and subject to the same limitations, the Directors shall have the power to:

- (a) Select and remove all officers, agents, and employees of the Company, prescribe any powers and duties for them that are not inconsistent with law, with the Articles of Incorporation, and with these Bylaws; fix their compensation; and require from them security for faithful service.
- (b) Conduct, manage and control the affairs and business of the Company, and make such rules and regulations pertaining thereto not inconsistent with law, with the Articles of Incorporation, or with these Bylaws, as they may deem best.
- (c) Borrow money and incur indebtedness on behalf of the Company, and cause to be executed and delivered for the Company's purposes, in the Company's name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, and other evidences of debt and securities.
- (d) Levy, collect, and enforce assessments upon and from the Members of this Company, to raise money for the purposes of this Company.

Section 4.02. Number and Qualifications

The Board of Directors shall consist of five (5) Directors, who shall be citizens of the United States, eighteen years of age or older, qualified Members of the Company, not employees of the Company, nor convicted felons.

Section 4.03. Election and Term of Office

Directors shall be elected at each annual meeting of the Members from among the qualified Members, to hold office until the next annual meeting. Each Director, including a Director appointed or elected to fill a vacancy, shall hold office until the expiration of the term for which elected and until a successor has been elected and qualified. Voting for Directors at Members meetings need not be by ballot unless some Member present demands this method before the voting has begun.

Section 4.04. Vacancies

Vacancies in the Board of Directors, including a vacancy created by the removal of a director, may be filled from among the Members in good standing by a majority of the remaining Directors, though less than a quorum, or by a sole remaining Director.

A vacancy or vacancies in the board of Directors shall be deemed to exist in the event of the death, resignation, or removal of any director, or if the board of Directors by resolution declares vacant the office of a Director who has been declared of unsound mind by an order of court or convicted of a felony, or if the authorized number of Directors is increased, or if the Members

fail, at any meeting of Members at which any Director or Directors are elected, to elect the number of Directors to be voted for at that meeting.

The Members may elect a Director or Directors at any time to fill any vacancy or vacancies not filled by the Directors, but any such election by written consent shall require the consent of a majority of the outstanding memberships entitled to vote.

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 4.05. Resignation

Any Director may resign effective on a given 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 that 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.

Section 4.06. Annual Meeting

Immediately following each annual meeting of Members, the Board of Directors shall hold a regular meeting for the purpose of organization, any desired election of officers, and the transaction of other business. Notice of such meeting shall not be required.

Section 4.07. Other Regular Meetings

A regular meeting of the Board of Directors shall be held quarterly at such time and place as the Board may designate, upon notice given each Director in accordance with Section 3.07.

Section 4.08. Special Meetings

Special meetings of the Board of Directors for any purposes or purpose may be called at any time by the Chairman of the Board, or the President, or the Vice President, or the Secretary, or any two Directors.

Notice of the time and place of special meetings shall be delivered personally or by telephone, FAX, or e-mail to each Director, or sent by first class mail, or telegram, charges prepaid, addressed to each Director at that Director's address as it is shown on the records of the Company, or if such address is not shown on such records, at the place in which the meetings of the Directors are regularly held.

In case the notice is mailed, it shall be deposited in the United States mail at least ten days before the time of the holding of the meeting.

In case the notice is given personally, or by telephone or telegram, it shall be delivered personally or by telephone, or to the telegraph company at least forty-eight hours before the time of the holding of the meeting.

Section 4.09. Quorum

A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board, but if less than a majority of the Directors are present at said meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

Section 4.10. Waiver of Notice

Any Director may waive notice of any meeting, either before or after said meeting, in writing. The attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. The business to be transacted at the meeting need not be specified in the notice or waiver of notice of such meeting, unless specifically required by law or by these Bylaws.

The transaction of any meeting of the Board of Directors, however called and noticed, or wherever held, shall be as valid as though at a meeting duly held after regular call and notice, if a quorum be present and if, either before or after the meeting, each of the Directors not present signs a written Waiver of Notice or a consent to holding such a meetings or if an approval shall be filed with the Corporate records or made a part of the minutes of the meeting.

Section 4.11. 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 shall 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 consents shall be filed with the minutes of the proceedings of the Board.

Section 4.12. Notice of Adjournment

Notice of the time and place of holding an adjourned meeting need not be given to absent Directors if the time place be fixed at the meeting adjourned.

Section 4.13. Adjournment

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

ARTICLE V. OFFICERS

Section 5.01. Officers

The officers of the Company shall be a President, Vice President, Secretary, and Treasurer. The Company may also have, at the discretion of the Board of Directors, a Chairman of the Board, one or more additional 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 5.03. One person may hold two or more offices, except those of President and Vice President.

Section 5.02. Election of Officers and Term of Office

The officers of the Company except such Officers as may be appointed in accordance with the provisions of Section 5.03. or 5.05 shall be elected annually 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.

Following the annual meeting of Members, the newly elected Board of the Directors shall hold a regular meeting for the purpose of organization, any desired election of Officers, and the transaction of other business. Notice of this meeting shall not be required.

If election of Officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be.

New offices may be created and filled at any meeting of the Board of Directors.

Each Officer shall hold office until the expiration of the term for which elected and until a successor shall have been duly elected and shall have qualified.

Section 5.03. Subordinate Officers

The Board of Directors may appoint, such other Officers as the business of the Company may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in the Bylaws or as the Board of Directors may from time to time determine.

Section 5.04. Resignation of Officers

Any officer may resign at any time by giving written notice to the Board, or to the President or Secretary of the Company. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; the acceptance of such resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Company under any contract to which the Officer is a party.

Section 5.05. Vacancies in Offices

A vacancy in any office because of death, resignation, removal, disqualification, or any other cause, shall be filled in the manner prescribed in this Bylaws Section 4.03 for regular appointments to that office.

Section 5.06. Terms of Employment

The Board of Directors may appoint, employ, terminate, discharge, fix the compensation and provide for the duties and powers of such officers, agents, and employees, including removal with or without cause, as in the sole judgment of the Board shall be advisable subject to the provisions of the article and the provisions of written contracts of employment, if any. Said compensation for officers and employees shall not be excessive and shall be both adequate and reasonable.

Section 5.07. Chairman of the Board

The Chairman of the Board, if there shall be such an officer, shall, if present, preside at all 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 Company and shall have the powers and duties prescribed in Section 5.08.

Section 5.08. President

The powers and duties of the President are as follows:

Subject to such supervisory powers, if any, as may be given by the Board of Directors to the Chairman of the Board, if there is such an Officer, the President,

shall be the principal executive officer of the Company and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and the Officers of the Company.

He/she shall preside at all meetings of the Membership and in the absence of the Chairman of the Board, or if there be none, at all meetings of the Board of Directors.

He/she shall have the general powers and duties of management usually vested in the office of President of a Company, and shall have such other powers and duties as may be prescribed by the Board of Directors or the Bylaws.

He/she shall see that all orders and resolution of the Board are carried into effect.

Section 5.09. Vice President

In the absence of the President, or in the event of his inability or refusal to act, the Vice President shall perform the duties of the President, and, when so acting, shall have all the powers of, and be subject to all the restrictions placed upon the President. The Vice President shall also perform such other duties as from time to time may be assigned to him by the Board or these Bylaws.

Section 5.10. Secretary

The duties of the Secretary are as follows:

The Secretary shall keep or cause to be kept, at the office of the Company or such other place as the Board of Directors may direct,

- (a) a *book of minutes* of all meetings and actions of the 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 Directors' meetings and Committee meetings,

the number of memberships present or represented at Members meetings, and the proceedings.

- (b) a Membership Certificate *register*, or a duplicate Membership Certificate register,

showing the names of all Members and their addresses, their APN number, the number of memberships held by each, the date of the Certificate issued for the same,

and the number and date of every Certificate surrendered for cancellation or forfeiture.

The Secretary shall give or cause to be given, *notice* of all meetings of the Members and of the Board of Directors of any Committee thereof required by the Bylaws or by law to be given.

The Secretary shall keep the seal of the Company, and affix the seal of the Company to documents, the execution of which on behalf of the Company under its seal is duly authorized in accordance with the provisions of these Bylaws.

The Secretary shall be custodian of the corporate records and have general charge of the books of the Company.

The Secretary shall keep on file at all times a complete copy of the Articles of Incorporation, the Bylaws and Rules and Regulations of the Company containing all amendments thereto (which copy shall always be open to the inspection of any Member, and at the expense of the Company,

forward a copy of the Articles of Incorporation, Bylaws, Rules and Regulations and all amendments thereto to each Member).

The Secretary shall in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board or these Bylaws.

Section 5.11. Treasurer

The Treasurer shall keep and maintain or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of the Company, including accounts of assets, liabilities, receipts, disbursements.

The Treasurer shall deposit all moneys and other valuables in the name and to the credit of the Company with such depositaries as may be designated by the Board of Directors.

The Treasurer shall disburse the funds of the Company as may be ordered by the Board of Directors.

The Treasurer shall render to the Board of Directors, whenever they request it, an account of all of his/her transactions as Treasurer and of the financial condition of the Company.

The Treasurer shall in general perform all the duties incident to the office of the Treasurer and such other duties as from time to time may be assigned to him by the Board or the Bylaws.

The books of account shall at all reasonable times be open to inspection by any Director.

ARTICLE VI. COMMITTEES

Section 6.01. Committees of Directors

The Board of Directors may by resolution, designate one or more committees, each consist of two or more Directors, to serve at the pleasure of the Board and to exercise such powers as the Board shall confer upon it.

Section 6.02. Other Committees

Other committees not having and exercising the authority of the Board in the management of the Company may be designated by a resolution adopted by a majority of the Directors present at a meeting at which a quorum is present. Except as otherwise provided in such resolution, Members of each such committee shall be Members of the Company, and the Board shall appoint the Members thereof.

Section 6.03. Term of Office

Each member of a committee shall continue as such until the next annual meeting of the Members of the Company and until his successor is appointed, unless the Board of Directors shall order such committee member removed from such committee, or unless such member shall cease to qualify as a member thereof.

Section 6.04. Chairman

One member of each committee shall be appointed chairman by the Board of Directors.

Section 6.05. Vacancies

Vacancies in the Members of any committee may be filled by the Board of Directors.

Section 6.06. Quorum

Unless otherwise provided in the resolution of the Board of Directors designating a committee, a majority of the whole committee shall constitute a quorum and the act of a majority of the Members present at a meeting at which a quorum is present shall be the act of the committee.

Section 6.07. Rules

Each committee shall adopt rules consistent with these Bylaws or the rules adopted by the Board of Directors.

ARTICLE VII. SEAL

The Corporate seal of the Company shall be in the form of a circle and shall have inscribed thereon the name of the Company and the words "Corporate Seal" "California".

ARTICLE VIII. FINANCIAL MATTERS

Section 8.01. Company and Instruments; How Executed

The Board of Directors, except as otherwise provided in these Bylaws, may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Company, and such authority may be general or confined to specific instances; and, unless so authorized or ratified by the Board of Directors or within the agency power of an officer, no officer, agent, or employee shall have any power of authority to bind the Company by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

Section 8.02. Checks, Drafts, etc.

All checks, drafts, or other orders for payment of money, and all notes, or other evidences of indebtedness, issued in the name of or payable to the Company, shall be signed or endorsed by such person or persons and in such manner as, from time to time, shall be determined by written resolution of the Board of Directors.

Section 8.03. Deposits

The Treasurer shall deposit all moneys and other valuables in the name and to the credit of the Company with such depositories as may be designated by the Board of Directors.

Section 8.04. Fiscal Year

Through a duly adopted resolution, the Board of Directors shall designate the fiscal year of the Company.

Section 8.05. Gifts

The Board of Directors may accept on behalf of the Company any contributions gifts bequests, or devises for the general purposes, or any special purposes of the Company.

ARTICLE IX. MEMBER CERTIFICATES

Section 9.01. Membership Certificates

Each Membership Certificate shall be signed by the President of the Company and by the Secretary, or such other person designated by the Board of Directors, and shall take such form and device as the Board of Directors shall direct.

Each Membership Certificate shall express on its face its number, date of issuance, the number of memberships represented by such certificate, and to whom it is issued.

It shall state the Assessor's Parcel Number and contain a description of the land to which such membership is appurtenant, and shall recite the fact that such membership shall be perpetually appurtenant to such land and that such membership is only to be transferred with said land, subject, however, to severance or extinguishment as provided in these Bylaws.

Section 9.02. Fractional Certificates

Memberships of the Company shall be issued at the rate of one **(1)** membership per full acre of land. No fractional memberships shall be issued.

Section 9.03. Transfer or Assignment of Certificates

Memberships of the Company are not transferable or assignable except as specifically provided in these Bylaws.

ARTICLE X. ASSESSMENTS

Section 10.01. Water Rates

Water rates shall be fixed from time to time by the Board of Directors in accordance with the Articles of Incorporation, the Bylaws and the Rules and Regulations of the Company.

Section 10.02. Assessment of Members

Assessments for the installation, depreciation, maintenance, betterment and operation of the pipeline and water system used or owned by the Company may be levied by the Board of Directors on the Members from time to time as deemed necessary.

Notice of such assessments shall be served upon the Members of record in the manner prescribed by law.

Any such assessments shall be delinquent thirty (30) days from the date of the call therefore, mailed postage prepaid from the office of the Company to such Members at their addresses on file with the Secretary.

Section 10.03. Penalties on Delinquent Assessments

Water charges and assessments are due and payable on January 1st of the billing year and become delinquent if not paid by February 1st.

However, a Member may elect to defer one-half of the amounts due until no later than December 31st of the same year.

A service charge of 1½% of the outstanding balance due will be assessed for each month or any portion thereof a payment if deferred.

If any Member shall refuse or fail to pay his/her water charges or assessments when due, it shall be the duty of the Officers of the Company to disconnect the distributing system from his/her land and to decline to furnish water thereon, and the Company shall not be bound to furnish water thereon to such Member or his/her successors, or to any lessee of said land, or to any person thereon, until the said water charges and assessments in default and the expense of disconnection and reconnection shall have been paid by or for such Member.

Such disconnection shall be effected in accordance with applicable law.

However, the defaulting Member shall be entitled to a hearing before the Board at a time and place to be fixed by the Board, and the decision of the Board at any such hearing shall be final.

ARTICLE XI. OPERATION OF WATER SYSTEM

Section 11.01. Water Superintendent

A Water Superintendent may be appointed by the Board of Directors and shall be removable at their pleasure. It shall be his duty to:

- (a) Take charge of all operating property of said corporation, and to control all labor and distribution of water, but at all times be subject to the control of the Board of Directors and to the rules and regulations herein contained;
- (b) Be responsible to the Company for all such property, make returns to the Secretary at the end of each month of all persons hired or employed by him, a statement of all expenditures in the carrying out of his duties in the operating and maintenance of the system of the Company under his care, together with a statement of the condition of the whole property;
- (c) Make requisition of the Board of Directors for all necessary supplies, stating the object for which they are needed, but he shall have no power to incur any indebtedness unless so specifically authorized by the Board of Directors;
- (d) Perform any and all duties required by the Board of Directors.

Section 11.02. Employees

Subject to the approval of the Directors, the Water Superintendent may employ such assistants as may be necessary. He shall render a report to the Directors quarterly (or more often if so required) setting forth the result of Company operations and shall perform such other duties as the Board may require.

ARTICLE XII. MISCELLANEOUS

Section 12.01. Waiver of Notices for Meetings

A Member of the Company or a member of the Board of Directors of the Company may waive in writing any notice of a meeting required to be given by these Bylaws, the Articles of Incorporation, or the General Corporation Law of California. The attendance of a Member or Director at any meeting shall constitute a waiver of notice of such meeting by such Member or Director, except in case a Member or Director shall attend a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

Section 12.02. Rules and Regulations

The Board of Directors shall have power to make and adopt such rules and regulations not inconsistent with law, the Articles of Incorporation or these Bylaws, as it may deem advisable for the management of the business and affairs of the Company.

Section 12.03. Accounting System and Reports

The Board shall cause to be established and maintained, in accordance with generally accepted principles of accounting, an appropriate accounting system and books of accounts.

Section 12.04. Record Date and Closing Members Certificate Book

The Board of Directors may fix a time, in the future, not exceeding sixty (60) days prior to the date of any meeting of Members, or the date for any other action affecting the Members as a record date for the determination of the Members entitled to notice of and to vote at such meeting, or entitled to receive the benefit of any such other action and in such case only Members of record on the date so fixed shall be entitled to notice of and to vote at such meeting or to receive such benefit, as the case may be, notwithstanding any transfer of any Members certificates on the books of the Company after any record date fixed as aforesaid.

Section 12.05. Inspection of Company Records

The Company shall keep at its office a record of its Members and the number of memberships held by each Member; a copy of the Bylaws as amended to date, Rules and Regulations, and the Articles of Incorporation; the accounting books and records; and minutes of the proceedings of the Members and the Board of Directors.

Such recorded, books and minutes shall be open to inspection at any reasonable time upon the written demand of any Member, for a purpose reasonably related to that person's interest as a Member.

Section 12.06. Reports to Members

The Board of Directors shall cause an annual report to be sent to the Members not later than one hundred twenty (120) days after the close of the fiscal year adopted by the Company.

Unless so waived, this report shall be sent at least fifteen (15) days before the annual meeting of Membership to be held during the next fiscal year and in the manner specified in Section 3.05 of these Bylaws for giving notice to Members of the Company.

The annual report shall contain a balance sheet as of the end of the fiscal year and an income statement and statement of changes in financial position for the fiscal year, accompanied by any report of independent accountants or, if there is no such report, the certificate of an authorized officer of the Company that the statements were prepared without audit from the books and records of the Company.

Section 12.07. Construction and Definitions

Unless the context otherwise requires, the general provisions, rules of construction, and definitions contained in the California General Corporation Law shall govern the construction of these Bylaws. Without limiting the generality of the foregoing, the masculine gender includes the feminine and neuter, the singular number includes the plural number, and the plural number includes the singular, and the term person includes corporations as well as natural persons.

ARTICLE XIII. DISSOLUTION

Section 13.01. Dissolution of the Company

In the event of dissolution of the Company, the Company's property and assets shall be distributed to Members at a rate to be determined by the Board of Directors and in accordance with law, after all of the Company's debts and liabilities have been paid or provided for.

ARTICLE XIV. AMENDMENTS

Section 14.01. Amendment of Bylaws

Except as otherwise provided by law or by the Articles of Incorporation, the Bylaws of the Company may be amended or repealed by the vote or the written consent of holders of a majority of the outstanding memberships entitled to vote or by the Board of Directors.

ARTICLE XV. INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES, AND OTHER AGENTS

Section 15.01 Indemnifications

The Company shall, to the maximum extent permitted by the California General Corporation Law, indemnify each of its agents against expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with and proceeding arising by reason of the fact that any such person is or was an agent of the Company. For purposes of this Section 15.01, an "agent" of the Company includes any person who is or was a Director, Officer, employee, or other agent of the Company.

ARTICLE XVI. SAYING CLAUSE

Section 16.01. Saving Clause

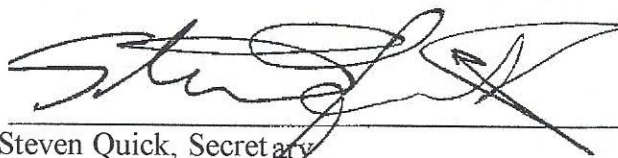
If any provision of these Bylaws is held unenforceable, then such provision will be modified to reflect the parties' intention. All remaining provisions of these Bylaws shall remain in full force and effect.

CERTIFICATION OF SECRETARY

I, the undersigned, do hereby certify:

1. That I am the duly elected and acting Secretary of Little Baldy Water Company, a California Corporation; and
2. That the foregoing Bylaws comprising of twenty-five (25) pages constitute the Bylaws of said corporation as duly adopted at a meeting of the Board of Directors thereof duly held in Llano, California on June 20, 2009.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the Seal of said corporation this 26th day of June, 2009.

A handwritten signature in black ink, appearing to read "Steven Quick", written over a horizontal line.

Steven Quick, Secretary
Little Baldy Water Company